2015

DALLAS

City of Dallas, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2015

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2015

Issued by
City Controller's Office

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Cyndi Mendez
Adam Wong

"Dallas, the City that works:
diverse, vibrant and progressive."

CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015
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INTRODUCTORY SECTION

City of Dallas

Honorable Mayor and City Council
City of Dallas, Texas

April 28, 2016

Introduction

We are pleased to present the City of Dallas (The City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. Chapter III, Section 19 of the City Charter requires, "the annual financial statements and related records and accounts of the city to be audited annually by a firm registered with the Texas State Board of Public Accountancy as a firm practicing public accountancy." This report was prepared by the City Controller's Office to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton LLP has issued an unmodified ("clean") opinion on the City of Dallas financial statements for the fiscal year ended September 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

General Information

Dallas is the ninth largest city in the nation and has a Council-Manager form of government. There are 14 single-district Council Members and a Mayor elected at large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and the Municipal Court Judges. The Director of the Civil Service Department is appointed by the Civil Service Board and the Director of Park and Recreation is appointed by the Park and Recreation Board. All other department directors are appointed by the City Manager.

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. The City provides the full range of municipal services established by statute or charter. These include public safety (police and fire), streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the Dallas Water Utilities, Airport Revenues, Convention Center, Municipal Radio and several other enterprise and internal service fund activities are part of the City's legal entity. Eighteen tax increment financing districts are also included in the City's reporting entity.

Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries and are included in the City's reporting entity as blended component units. The Love Field Airport Modernization Corporation (LFAMC) is also a

OFFICE OF THE CITY MANAGER CITY HALL 1500 MARILLA ST., 4EN DALLAS, TEXAS 75201 TELEPHONE 214-670-3297

separate legal entity included in the City's reporting entity as a blended component unit. It was created to facilitate the reconstruction of Love Field Airport. More information regarding the blended component units is included in Note 1(B).

Discretely presented component units are other legally separate entities which are also included in the City's reporting entity based on the criteria set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*. The criteria considered in determining the activities to be reported within the City's financial statements are included in Note 1(B). Based on those criteria, the following organizations are included as discretely presented component units of the City of Dallas for financial reporting purposes:

- The Housing Finance Corporation issues tax-exempt mortgage revenue bonds to assist low-to-moderate income citizens in purchasing homes.
- The Housing Acquisition and Development Corporation provides safe and affordable housing for low and moderate income persons.
- The Dallas Development Fund was organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- The Downtown Dallas Development Authority is a separate legal entity which was established to promote economic development of the downtown area and improve the tax base.
- The North Oak Cliff Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- The Cypress Waters Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, and the public welfare in the District.
- The Dallas Convention Center Hotel Development Corporation was created to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City including specifically, without limitation, the development and financing of a convention center hotel located within 1,000 feet of the Dallas Convention Center.

Related organizations not included as part of the reporting entity are the Dallas/Fort Worth International Airport, the Dallas Housing Authority, and Dallas Area Rapid Transit. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to the Boards.

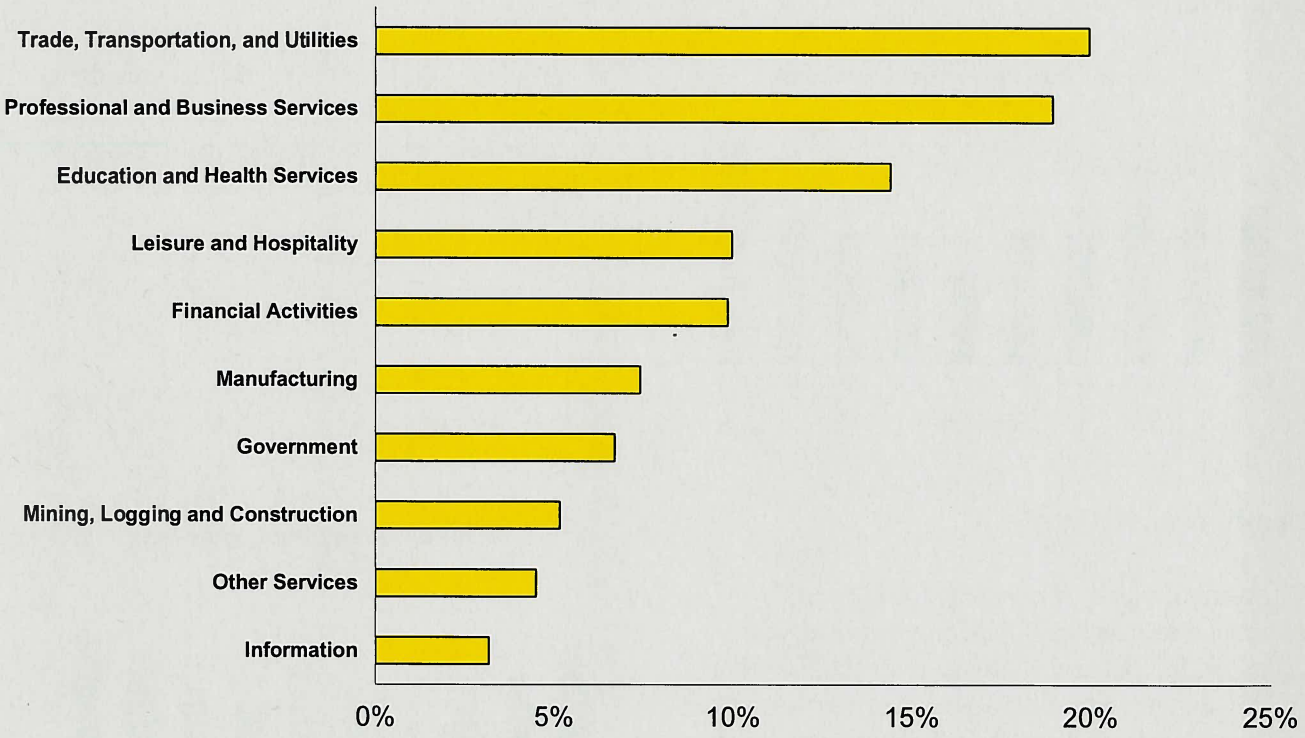
Economic Condition and Outlook

The City of Dallas is the largest local economy in the nation's fourth largest metropolitan area. The City is home to over 62,500 businesses (Reference USA). Dallas' diverse industry employment mix continues to support steady and progressive local economic growth and to dampen the negative effects

of any single industry downturn. In 2015, the Trade, Transportation and Utilities sector was the largest employment industry within the City, marking a change from the previous year when Professional and Business Services was the largest. The Education and Health Services sector had the third largest employment share followed by Leisure and Hospitality. (Bureau of Labor Statistics and Reference USA). (Figure 1.)

Since fiscal year 2011, sales tax revenue has increased by 26.7 percent. Indicators such as the unemployment rate, increase in the number of jobs and housing values reflect Dallas' continued improved performance. (Bureau of Labor Statistics).

Figure 1
Dallas Employment by Industry



(Bureau of Labor Statistics and Reference USA)

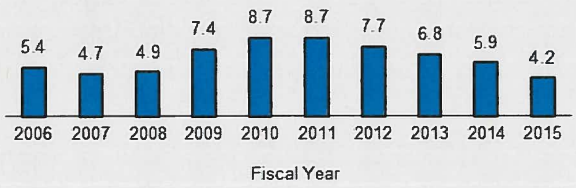
The Dallas monthly labor force (Dallas residents only) averaged 642,785 during fiscal year 2015. There was a monthly average of 26,917 residents who were unemployed over this time. Dallas' unemployment rate has remained below the U.S. average for over ninety-five consecutive months. (Texas Workforce Commission / U.S. Bureau of Labor Statistics). Dallas' employment base uses a large inventory of business facilities including over 128 million square feet of office space, 196 million square feet of industrial/flex space, and 81 million square feet of retail space (CoStar, OCT 2015).

The following charts highlight Dallas' major economic indicators, presenting a continued modest recovery from the negative effects of the 2007-2009 recession. The economy in fiscal year 2015 shows a growing local economy.

Unemployment

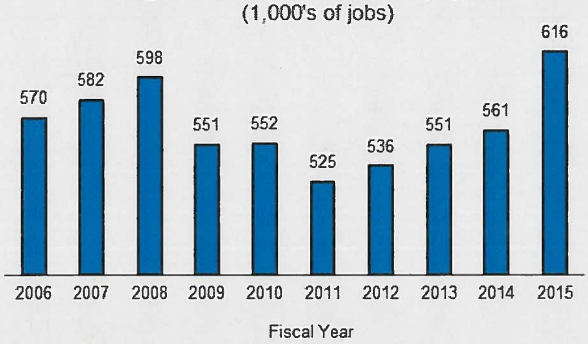
Average monthly unemployment in Dallas was 4.2 percent in fiscal year 2015, below the national rate. The U.S. rate averaged 5.4 percent in fiscal year 2015. (Source: U.S. Bureau of Labor Statistics – non-seasonally adjusted values).

Figure 2. Dallas Unemployment Rate (percent)



Employment

Figure 3. Dallas Household Employment (1,000's of jobs)

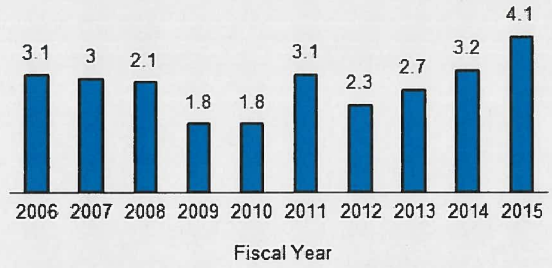


The number of employed Dallas residents increased during the fiscal year. Approximately 615,867 Dallas residents were working in fiscal year 2015. (Source: U.S. Bureau of Labor Statistics).

Construction Activity

The annual value of construction permits increased to nearly $4.1 billion in fiscal year 2015, a 28.5 percent increase over the previous fiscal year. Additionally, new construction values increased over $528 million from the previous year to approximately $2.57 billion. (Sources: COD Department of Sustainable Development and Construction)

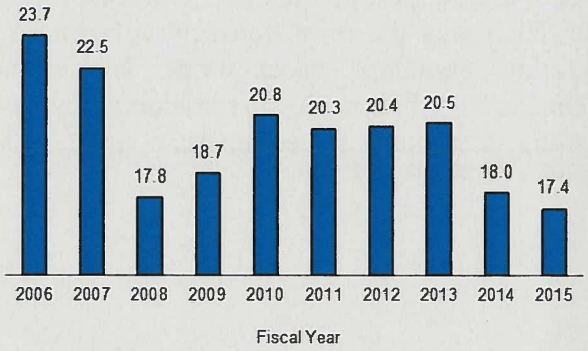
Figure 4. Dallas Building Activity ($ billions)



Office Vacancy

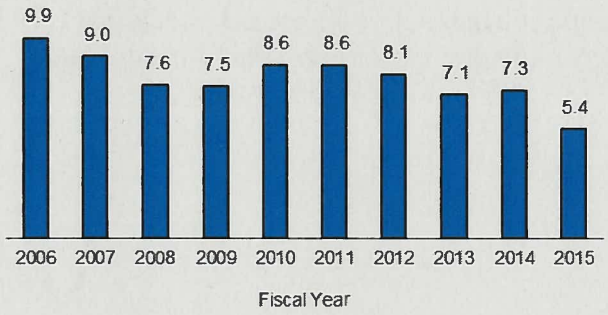
Office vacancy rates declined in fiscal year 2015 for the second consecutive year. Employment gains in the Professional and Financial Services industries are largely responsible for the improvement. (Source: CoStar, BLS).

Figure 5. Dallas Office Vacancy Rate
(percent)



Industrial Vacancy

Figure 6. Dallas Industrial Vacancy Rate
(percent)

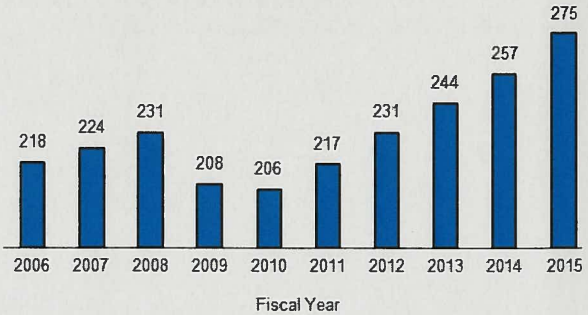


The industrial vacancy rate decreased during fiscal year 2015 to 5.4 percent. Economic growth in distribution activity increased Dallas' demand for warehousing and production space. With a market response of over 3.4 million square feet of space delivered within the fiscal year, City industrial firms experienced a 1.4 percent increase in inventory square footage. (Source: CoStar).

Sales Tax

During fiscal year 2015 total sales tax revenues grew to $275 million. Sales tax revenue continues to grow for the fifth consecutive year after the decline of the 2007-2009 national recession. (Source: City of Dallas Office of Financial Services).

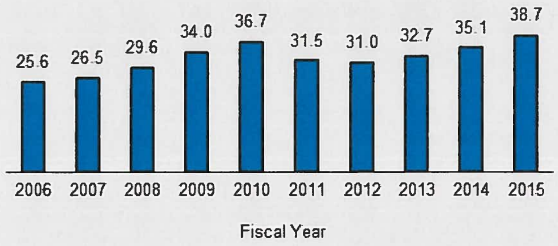
Figure 7. Dallas Sales Tax Revenue
($ millions)



Commercial Property

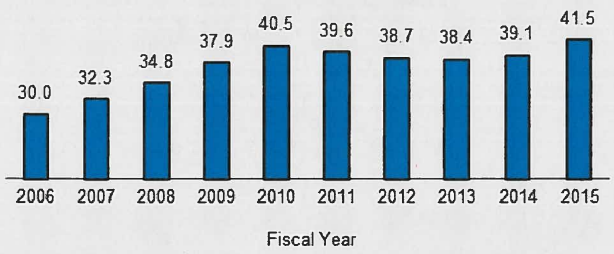
Dallas' commercial tax base grew over ten percent to $38.7 billion in fiscal year 2015. Fiscal year 2015 was the third consecutive year for a declining commercial vacancy rate. This reflects the beginning of strong post-recession job growth, resulting in demand for commercial space. (Source: Certified Tax Rolls, Office of Financial Services).

Figure 8. Dallas Commercial Property Tax Base
Taxable Value ($ billions)



Residential Property

Figure 9. Dallas Residential Tax Base
Taxable Value ($ billions)

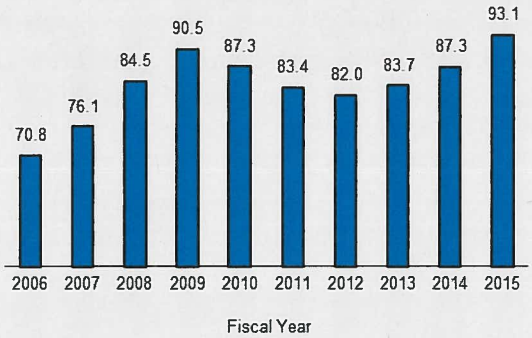


The residential tax base increased six percent to $41.5 billion in fiscal year 2015. Dallas' increased valuations reflect continued inward migration and a diverse housing stock that can accommodate various household needs. (Source: Certified Tax Rolls, Office of Financial Services).

Total Property

Total taxable value of property, including Business Personal Property, increased to $93.1 billion in fiscal year 2015 from $87.3 billion in fiscal year 2014. This is a 6.6 percent increase. (Source: Certified Tax Rolls, Office of Financial Services).

Figure 10. Dallas Total Property Tax Base
Taxable Value ($ billions)



Economic Development Strategy

Dallas' economic indicators such as employment, home prices, revenue and vacancy rates continue to improve. The local economy is expected to remain strong due to continued job creation and declines in unemployment. Though employment has grown for the City's residents, income levels have not substantially increased. Overall, the City's economic outlook remains strong due to a diverse industry mix. Service-sector jobs grew strongly in fiscal year 2015. The City continues to monitor the changing national economic condition and to identify remaining gaps that need to be addressed in the next strategic plan.

The Strategic Plan for economic development is driven by four key goals: growth in the economy through expanding employment and the size of the labor force, increased economic opportunities for City residents, a broadened and diversified tax base, and development assistance toward more sustainable communities. Dallas' updated plan places special emphasis on two focus areas. First is an expanded downtown, supporting a thriving urban economy centered on connection to revitalized in-town neighborhoods and the rest of the city through transit. Second is a revitalized Southern Dallas through leveraging public sector funding in key focus areas to stimulate private investment. Additionally, ongoing initiatives include increasing Dallas' share of global and regional trade (including retail, wholesale and logistics), recruitment and retention of businesses and marketing Dallas nationally and globally.

Central Business District and Expanded Downtown

At the end of fiscal 2015, 7,845 residential units were either available or under construction in the Central Business District (CBD), supporting an estimated downtown residential population of over 7,940 (COD estimate). When including a one mile band adjacent to the CBD, the available or under construction residential unit count increases to 33,453. Hotel occupancy in the Downtown, Market Center and Uptown segment in 2015 was 68.3 percent, up 3.3 percentage points from the previous year's adjusted occupancy rate. This is magnified by the fact that more hotel rooms were added to the CBD market (Dallas Convention & Visitors Bureau / Smith Travel Research). Projects completed in 2015 include the Westin Dallas Downtown, the CBD's newest hotel with 13 floors, 326 rooms, and 19 floors of first class office space; and the Hartford Building, a renovation of a 1960's office building into updated office and retail space at a project cost of approximately $5.6 million.

Ongoing developments scheduled for completion in 2016 include the new Fairfield Residences at the West End, a 200,000 square foot, 259-unit residential project; the renovation of Thanksgiving Tower by 1601 Elm Holdings, LP of façade and ground floor improvements; and the Browder Street Plaza Improvements and Retail Activation, a joint effort between the Office of Economic Development, Downtown Dallas, Inc., Downtown 360 Plan and the City Design Studio. The project will add activity along this pedestrian thoroughfare and complement the improvements now underway along the retail component of Browder Street Plaza between Commerce Street and Jackson Street. Projects expected to be completed in 2017 include the Mid Elm Lofts redevelopment of the three historic buildings into 25 lofts with ground floor, basement and roof top retail/restaurant space; and a $54.8M conversion of a vacant office building at 1712 Commerce into a Marriott hotel with 244 hotel rooms and approximately 16,428 square feet of ground floor retail space.

Aviation

Love Field Airport has experienced a post-Wright Amendment expiration boom, with a 54% airline passenger surge. The increase is due largely to the presence of Virgin America (VX) and the increase in the number of non-stop flights by Southwest Airlines (SWA) and Delta Airlines (DL). Love Field experienced 14,497,498 total passengers in fiscal year 2015, up from 9,413,498 in fiscal year 2014. Due to the surge in total passengers, the Dallas City Council approved plans to construct Parking Garage C, consisting of approximately 5,300 parking spaces. The garage will be located next to the ticket hall, providing easy access to the terminal and is expected to be completed in 2018. Dallas Love Field was tied for Highest in Customer Satisfaction among medium sized airports by J. D. Power. There were six factors that were graded: Terminal Facilities; Airport Accessibility; Security Check; Baggage Claim; Check-In/Baggage Check; and Terminal Shopping. Additionally, the Texas Department of Transportation is currently conducting a runway reconstruction project at Dallas Executive Airport. Phase I is complete with expected completion of Phase II by August 2016. The four-phase project is expected to be completed by December 2017.

University of North Texas at Dallas

The Fall 2015 enrollment at the University of North Texas at Dallas (UNT Dallas) campus was 2,488, with full-time enrollment at 1,840 students. The new campus is expected to ultimately enroll 25,000 students. Area improvements include an extension of DART's Blue Line to the campus with service scheduled to begin in 2016. Additionally, the City's Park and Recreation Department is currently designing the $3.3 million Runyon Creek Trail improvement project beginning at Glendale Park and linking to the UNT Dallas Station. The project is scheduled for bid in February 2016. Once opened, the contract for construction will be awarded approximately in June 2016. Construction is anticipated to take approximately nine months, with the final trail terminus determined by funding availability. The base bid will bring the trail from Glendale Park to the edge of the UNT campus south of Camp Wisdom Road providing accessibility to the DART station.

International Inland Port of Dallas (IIPOD)

During fiscal year 2015, progress continued at the IIPOD, a major logistics hub in the southeast quadrant of the City. Approximately 2,500 acres of land within the City limits (of 7,500 acres for the total project) have become the gateway to a major distribution hub that will exceed 60 million square feet of industrial and warehouse space at completion. There is currently 30 million square feet built or under construction.

Transit-Oriented Development (TOD)

The number of DART light rail stations within the City of Dallas remained at 44 during fiscal 2015. The City of Dallas continues to work with private developers to pursue projects near station areas that complement the transit system through new housing and employment opportunities. Additionally, light-rail service connects the City with the Dallas/Fort Worth (DFW) International Airport.

Trinity River Corridor Project

The Trinity River Corridor Project remains one of the largest and most complex urban development projects in the nation. The project provides flood protection, transportation components, recreation elements, environmental stewardship, and business development along 20 miles and 10,000 acres of the Trinity River. Future plans also include raising and flattening the existing levees.

Projects open and ready for exploration include the MoneyGram Complex (formerly the Elm Fork Soccer Complex), California Crossing Boat Launch, Continental Avenue Bridge and West Dallas Gateway, the Trinity Skyline Trail, Trinity Overlook, Moore Gateway Park Pavilion and Amphitheater with connection to the Santa Fe Trestle Trail, Martin Luther King Jr./Cedar Crest Bridge Gateway, William Blair Park, Jr. Gateway, Texas Buckeye Trail and Soft Surface Trail, Joppa Gateway at South Central Park, Loop 12 Boat Launch, Trinity Forest Trails, AT&T Trail, Texas Horse Park, Lower Chain of Wetlands, Trinity River Audubon Center, and Great Trinity Forest Gateway and Horse Trails. The Baker Pump Station project is substantially complete and scheduled to open in 2016. The Pavaho Wetlands and Sylvan Avenue Bridge projects are also substantially complete.

The City and its local and federal partners are making progress on flood protection, transportation, recreation, and environmental projects and major corridor components. Collaborative projects and components currently under construction and opening at a later date include Cadiz from Riverfront Blvd. to Lamar St., Beckley/Commerce Intersection Improvements, Margaret McDermott Bridge/IH-30/IH-35 (part of the $798 million Dallas Horseshoe Project), Able Pump Station, Upper Chain of Wetlands, and the Trinity Forest Golf Course. Plans for the construction start of Riverfront Blvd. Phase II is underway. The Joppa Connector Trail is scheduled to open in 2016.

Financial Information

Discussion of Controls. The City's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) the reliability of financial records for preparing financial statements, and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

The City Council is required by Charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies and procedures.

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies. Furthermore, as a recipient of federal and state assistance, the City is also responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts,

and grants related to those programs. As part of the City's single audit, tests are made to determine the adequacy of the internal control, including that portion relative to federal and state financial awards, as well as to determine whether the City has complied with applicable laws, regulations, contracts, and grants. Internal controls are also subject to periodic evaluation by management and the City Auditor.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary controls. The City Charter provides that the City Council shall annually appropriate adequate funds in an amount to execute the policies and service delivery plans of the City. City management annually prepares the plan of services for the upcoming fiscal year and the estimated costs. The plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The ordinance provides for budgetary control at the department level and these budgets cannot be exceeded without Council approval. Budgetary control is enforced at the department level by reserving appropriations and by encumbering purchase orders and contracts. Open encumbrances are reported, where applicable, as assigned fund balance.

Major Initiatives

The City Council adopted a balanced budget for fiscal year 2015-2016 in September 2015. The major initiatives for the fiscal year 2015-2016 budget include the following:

- Invest in technology to improve services and efficiencies;
- Focus on the top three priorities identified in the citizen survey: maintenance of infrastructure, code compliance and police services;
- Phase in increases to the budget allocated to Culture, Arts, Recreation and Education (CARE) Key Focus Area; and
- Scrutinize services for efficiencies and reductions.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its CAFR for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, hte City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to take this opportunity to thank the Mayor and members of the City Council for their support in maintaining the highest standards of professionalism in the management of the financial operations of the City.

The preparation of this report was accomplished through the efficient and dedicated services of key staff in the City Controller's Office. We wish to thank the staff in all departments, particularly the Office of Economic Development and the Department of Communication and Information Services, for their assistance in providing the data necessary to prepare this report. Thanks to everyone involved.

Respectfully submitted,

A.C. Gonzalez
City Manager

Jeanne Chipperfield
Chief Financial Officer

Edward R. Scott, CPA, CGMA
City Controller

"Dallas, the City that works:
diverse, vibrant and progressive."

CITY OF DALLAS

FISCAL YEAR 2015 CITY OFFICIALS

FRONT ROW (seated, left to right):

Mark Clayton - *District 9*
Carolyn King Arnold - *District 4*
Mayor Pro Tem Monica R. Alonzo - *District 6*
Dallas Mayor Mike Rawlings
Deputy Mayor Pro Tem Erik Wilson - *District 8*
Tiffinni A. Young - *District 7*
Sandy Greyson - *District 12*

BACK ROW (standing, left to right):

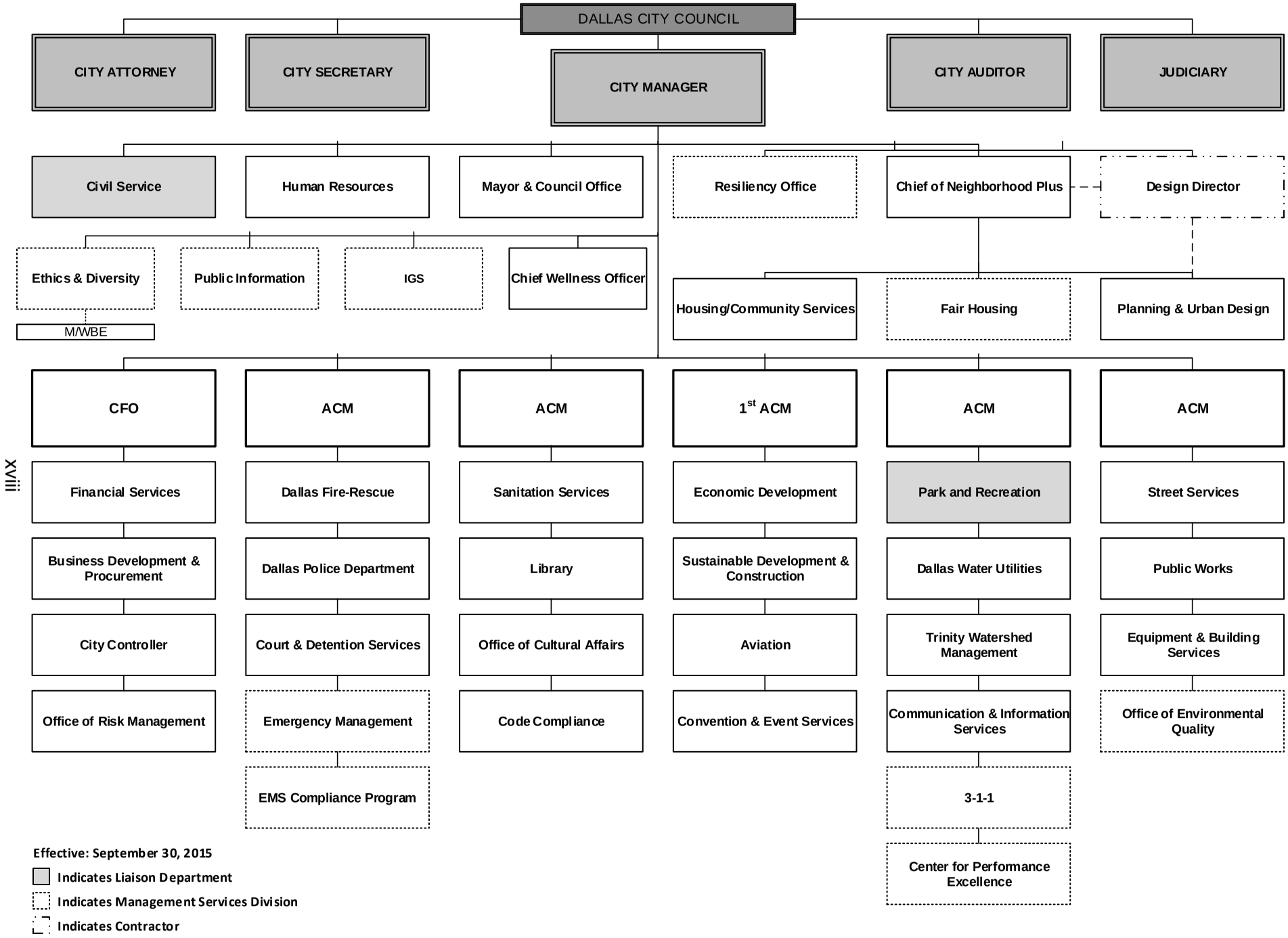
Lee Kleinman - *District 11*
Casey Thomas, II - *District 3*
Philip T. Kingston - *District 14*
Jennifer S. Gates - *District 13*
Scott Griggs - *District 1*
Adam Medrano - *District 2*
Adam McGough - *District 10*
Rickey D. Callahan - *District 5*

CITY MANAGER

A.C. Gonzalez

"Dallas, the City that works:
diverse, vibrant and progressive."

City of Dallas Organizational Chart
September 30, 2015



Government Finance Officers Association

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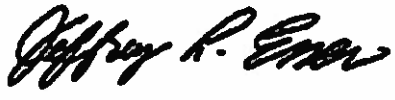

Executive Director/CEO

"Dallas, the City that works:
diverse, vibrant and progressive."

FINANCIAL SECTION

Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Honorable Mayor and Members of City Council
City of Dallas, Texas

Report on the financial statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units which represent 47%, 48% and 13%, respectively, of the assets, net position and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing Finance Corporation, the Dallas Housing and Acquisition Development Corporation, and the Dallas Development Fund, which are discretely presented component units which represent 2%, 8%, and 2% respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We also did not audit the financial statement of the Dallas/Fort Worth International Airport, a joint venture, which is disclosed in Note 6.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Dallas Police and Fire Pension System, Supplemental Police and Fire Pension Plan of the City of Dallas, Dallas Housing Finance Corporation, the Dallas Housing and Acquisition Development Corporation, and the Dallas Development Fund were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a matter

As discussed in Note 1.W. to the financial statements, the City adopted new accounting guidance in 2015 related to the accounting for pensions. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 13, and the Schedule of Changes in the City's Net Pension Liability and Related Ratios, Schedule of City Contributions to Pension Plans, Notes to Schedule of City Contributions to Pension Plans, and Schedule of Funding Progress-Other Postemployment Benefits on pages 97 through 101 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedule-debt service fund, and schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, budgetary comparison schedule debt service fund, and the schedule of capital assets used in operations of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated April 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Grant Thornton LLP

Dallas, Texas
April 28, 2016

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately $601 million (net position).
- The City's governmental activities net position increased from the restated beginning net position by $256.6 million while the business-type activities net position increased by $92.9 million.
- As of the close of fiscal year 2015, the City's governmental funds reported combined ending fund balances of $882.5 million, an increase of $305.8 million in comparison to the prior year fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $141.6 million, or approximately 12.4% of the total general fund expenditures, including transfers out.
- The City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68". The implementation of these statements resulted in increases in long-term liabilities and deferred outflows and inflows of resources for both governmental activities and enterprise funds and business-type activities.
- The City's governmental long-term liabilities had a net increase of $5.7 billion from the prior year balance of $2.4 billion.
- The City's business-type activities long-term liabilities increased $416.1 million from the prior year's balance of $3.4 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. Both of these statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, environmental and health services, public works and transportation, equipment and building services, cultural and recreation services, and housing and human services.

The business-type activities of the City include water utilities, convention center, airport, municipal radio and building inspections. The airport revenue fund includes the activities of the Love Field Airport Modernization Corporation (LFAMC), a blended component unit. The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the seven separate legal entities for which the City is financially accountable – the Housing Finance Corporation, the Housing Acquisition and Development Corporation, Dallas Development Fund, the Downtown Dallas Development Authority (DDDA), the North Oak Cliff Municipal Management District, the Cypress Waters Municipal Management District and the Dallas Convention Center Hotel Development Corporation, which are reported as discretely presented component units separately from the primary government itself.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other twenty-one funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining financial statements section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18, 20, 22 and 23 of this report.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or to other units within the City. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the airport, convention center, municipal radio, building inspection and water utilities operations. All of the City's enterprise funds, except the municipal radio and building inspection, are considered major funds.

- Internal Service funds accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its equipment services, communication equipment, office services, information services, and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 34-96 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's net pension liability, contributions to pension plans and progress in funding its obligation to provide other postemployment benefits to City employees. Required supplementary information can be found on pages 97-101 of this report. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 102-130 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was approximately $601 million as of September 30, 2015. Analyzing the net position of governmental and business-type activities separately, the governmental activities had a deficit balance of approximately $(2.7) billion and the business-type activities net position was approximately $3.3 billion. This analysis focuses on the assets and deferred outflows, liabilities and deferred inflows and net position (Table 1) and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	$ 1,217,136	$ 1,219,448	$ 1,110,856	$ 1,107,683	$ 2,327,992	$ 2,327,131
Capital assets	3,735,378	3,595,822	6,057,075	5,807,550	9,792,453	9,403,372
Total assets	4,952,514	4,815,270	7,167,931	6,915,233	12,120,445	11,730,503
Deferred outflows of resources	648,960	17,518	139,942	29,691	788,902	47,209
Long-term liabilities	8,047,221	2,352,574	3,819,707	3,403,521	11,866,928	5,756,095
Other liabilities	216,954	235,598	204,038	184,380	420,992	419,978
Total liabilities	8,264,175	2,588,172	4,023,745	3,587,901	12,287,920	6,176,073
Deferred inflows of resources	15,871	-	4,561	-	20,432	-
Net position:						
Net investment in capital assets	2,520,158	2,406,821	2,778,732	2,770,931	5,298,890	5,177,752
Restricted	195,210	144,269	261,399	223,230	456,609	367,499
Unrestricted	(5,393,940)	(306,474)	239,436	362,862	(5,154,504)	56,388
Total net postion	$ (2,678,572)	$ 2,244,616	$ 3,279,567	$ 3,357,023	$ 600,995	$ 5,601,639

*2014 was not restated because the information was not available.

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The current and other assets in governmental activities decreased from the prior year by $2.3 million, due primarily to increases in cash, cash equivalents and investments of $315.8 million mostly related to the issuance of general obligation bonds during the year, an increase in due from other governments of $4.5 million and an increase in prepaid expenses of $3 million. This was offset by a decrease in developer receivables in the non-major funds of $26.9 million and a decrease in $300.2 million related to the removal of the prior year net pension asset as a result of implementing GASB Statement No. 68 and 71.

Long-term liabilities increased by $5.7 billion in the governmental activities due mainly to the recognition of the net pension liability of $5.4 billion related to the implementation of GASB Statement No. 68 and 71, offset by a decrease in net pension obligation of $27.8 million, also related to the implementation of GASB Statement No. 68 and 71, a net increase in general obligation bonds, equipment acquisition obligations, certificates of obligation and pension obligation bonds of $155.3, a net increase in bond premiums and discounts of $65.8 million, and a net increase in accretion on the pension obligation bonds of $5.4 million. Additionally, the increase in long-term liabilities of governmental activities was due to a net increase in other postemployment benefits of $10.1 million, a net increase in notes payable of $11.8 million and a net increase in the capital leases liability of $25.5 million.

The business-type activities long-term liabilities increased $416.2 million, activities due mainly to the recognition of the net pension liability of $165.6 billion related to the implementation of GASB Statement No. 68 and 71, a net increase of $142.1 in total water utilities bonds payable, a net increase in airport revenues bonds payable of $122.5 million and a net increase in capital leases payable of $30.1 million. This was offset by a net decrease in commercial paper notes payable of $32.4 million a decrease of $5.9 million in the water transmission facilities financing agreement and a net decrease in total convention center bonds payable of $5.3 million.

An additional portion of the City's net position ($195.2 million governmental activities and $261.4 million business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

In governmental activities, there is a deficit unrestricted net position of $5.4 billion as a result of long-term liabilities for items such as bonds, compensated absences, unfunded risk liabilities, net pension liability, other postemployment benefits, landfill liability, pollution remediation, pension obligation bonds, and sales tax liability. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. Unrestricted net position in business-type activities is $239.4 million.

Analysis of the City's Operations

The table on the following page provides a summary of the City's operations for the fiscal year ended September 30, 2015, with comparative totals for the fiscal year ended September 30, 2014. The governmental activities net position increased by $256.6 million and business-type activities net position increased by $92.9 million. Key elements of these changes in net position are as shown on the following page.

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Table 2
Change in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program revenues:						
Charges for services	$ 316,389	$ 299,781	$ 744,668	$ 703,295	$ 1,061,057	$ 1,003,076
Operating grants and contributions	77,038	70,935	5,937	5,699	82,975	76,634
Capital grants and contributions	59,712	85,718	21,135	16,586	80,847	102,304
General revenues:						
Ad valorem tax	735,913	687,573	-	-	735,913	687,573
Tax increment financing revenue	4,892	4,108	-	-	4,892	4,108
Sales tax	275,250	257,467	-	-	275,250	257,467
Franchise fees	132,719	136,951	-	-	132,719	136,951
Hotel occupancy tax	-	-	53,931	50,374	53,931	50,374
Alcohol beverage tax	-	-	11,247	10,256	11,247	10,256
Investment income	7,550	2,667	5,901	2,416	13,451	5,083
Other	43,588	11,235	314	208	43,902	11,443
Total revenues	1,653,051	1,556,435	843,133	788,834	2,496,184	2,345,269
Expenses:						
General government	220,164	263,147	-	-	220,164	263,147
Public safety	594,747	684,808	-	-	594,747	684,808
Streets, street lighting, sanitation and code enforcement	213,665	192,981	-	-	213,665	192,981
Environmental and health services	18,067	16,747	-	-	18,067	16,747
Public works and transportation	74,130	62,168	-	-	74,130	62,168
Equipment and building services	36,917	35,369	-	-	36,917	35,369
Culture and recreation	160,527	142,519	-	-	160,527	142,519
Housing	17,529	10,367	-	-	17,529	10,367
Human services	20,451	24,006	-	-	20,451	24,006
Interest on long-term debt	63,404	75,133	-	-	63,404	75,133
Dallas water utilities	-	-	499,585	429,034	499,585	429,034
Convention center	-	-	92,661	90,377	92,661	90,377
Airport revenues	-	-	103,950	91,807	103,950	91,807
Municipal radio	-	-	2,254	2,047	2,254	2,047
Building inspection	-	-	28,704	23,647	28,704	23,647
Total expenses	1,419,601	1,507,245	727,154	636,912	2,146,755	2,144,157
Excess before transfers and special item	233,450	49,190	115,979	151,922	349,429	201,112
Transfers	23,120	32,008	(23,120)	(32,008)	-	-
Special item	-	-	-	(6,372)	-	(6,372)
Increase in net position	256,570	81,198	92,859	113,542	349,429	194,740
Net position - beginning of year	2,244,616	2,163,418	3,357,023	3,243,481	5,601,639	5,406,899
Change in accounting principle	(5,179,758)	-	(170,315)	-	(5,350,073)	-
Net position - beginning of year (restated)**	(2,935,142)	2,163,418	3,186,708	3,243,481	251,566	5,406,899
Net position - end of year	$ (2,678,572)	$ 2,244,616	$ 3,279,567	$ 3,357,023	$ 600,995	$ 5,601,639

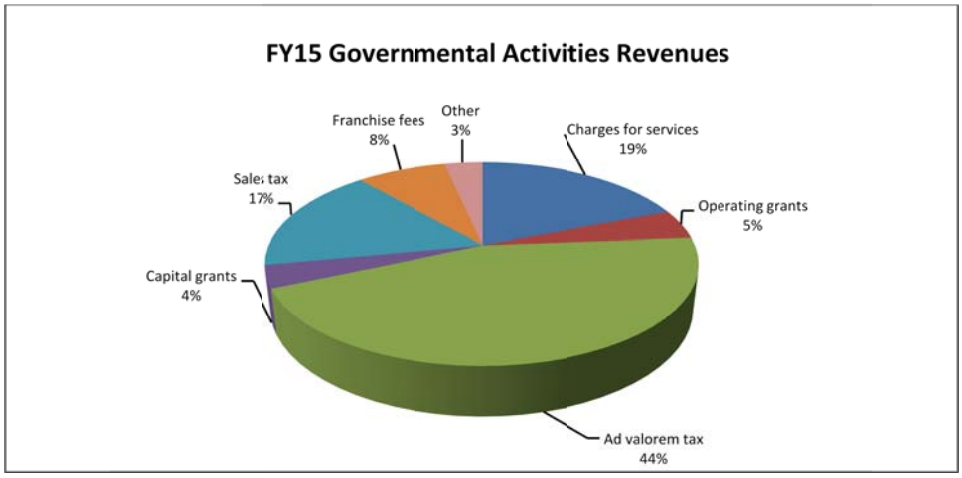
* 2014 beginning net position was not restated because information was not available.
** See note 1W in Notes to the Basic Financial Statements

Governmental Activities

Governmental activities net position increased $256.6 million during fiscal year 2015. Total revenues and transfers increased $87.7 million, or 5.5% from fiscal year 2014. Significant changes in revenue include the following:

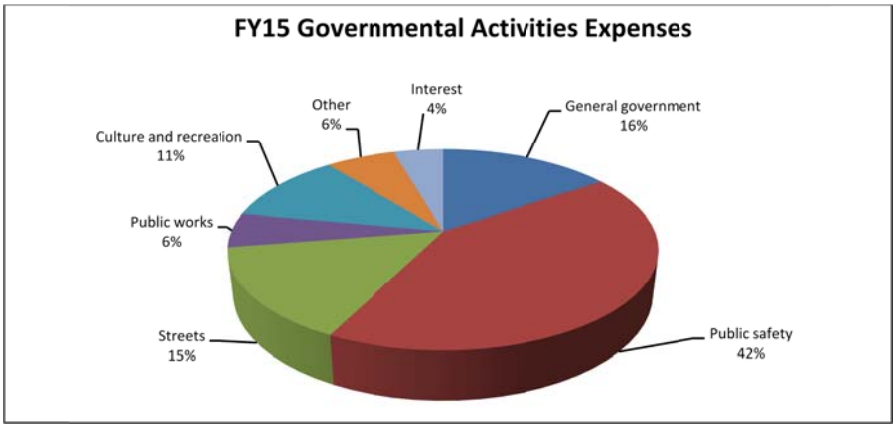
- Ad valorem tax revenues increased $48.3 million due to an increase in the certified property tax values.
- Tax increment financing, intergovernmental revenue increased $784 thousand, primarily due to an increase in the certified property tax values.
- Sales tax revenue increased $17.8 million due to increased discretionary customer spending.
- Charges for services increased $16.6 million due to a $1.2 million increase in revenues for parking violations and a $7.1 million increase in revenues for red light violations. In addition, there was a $2 million increase in charges to other departments for the indirect cost allocation and a $6.5 million increase in sanitation collection fees. These increases were offset by a $3.6 million decrease in emergency ambulance and ambulance supplemental reimbursement revenues.

- Operating grants and contributions increased $6.1 million, primarily due to increases in revenue for four grants. The Urban Search and Rescue Task Force Program increased $1.2 million, the Women Infant and Children's Program increased $1.1 million, the Texas Clean Fleet Incentive Program increased $1 million and the Section 108 Program revenues increased $2.4 million. Capital grants and contributions decreased $26 million due mainly to a $17.2 million decrease in developer contributions related to contributions for the Downtown Dallas Development Authority tax increment financing district and a $13.8 million decrease in capital grants related to transportation, parks and building capital projects, offset by a $8.7 million increase in contributions and gifts for construction of a new livestock building at Fair Park.
- Investment income increased $4.9 million during fiscal year 2015 from fiscal year 2014. The increase in investment income was due to an increase in the average yield on investments from .42% during fiscal year 2014 to .613% during fiscal year 2015. Additionally, the average cash balance increased as a result of the issuance of general obligation bonds during fiscal year 2015.
- Other revenues increased $32.4 million, mainly due to a $31.3 million gain on the sale of Elgin B. Robertson park to the City of Rowlett.



Total governmental activities expenses decreased approximately $87.6 million, or 5.8%, from fiscal year 2014. The most significant portion of expenses related to governmental activities is the cost of personnel.

- General government expenses decreased $43 million or 16%, mainly due to a reduction of approximately $44 million in new developer economic incentive expenses in fiscal year 2015 and a $7.3 million decrease in payments to the risk fund, offset by an increase in pension expense of $13.9 million.
- Public safety expenses decreased $90 million. This was due to a $119.8 million decrease in pension related expenses related to actuarial adjustments and changes in deferred outflows for pension contributions made after the pension funds' measurement date. This was offset by an increase of $9.5 million in personnel expenses for the Dallas Fire Department and an increase of $15.9 in personnel expenses for the Dallas Police Department, as well as an increase of $3 million in equipment and automobile services expenses for the Dallas Police Department.
- Streets, street lighting, sanitation and code enforcement expenses increased $20.7 million, due primarily to a $12.5 million increase in pension expense and a $5.2 million increase in personnel services.
- Public works and transportation expenses increased $12 million, mainly due to an increase in pension expense of $2 million, a $3.5 million increase in depreciation expense and a $5.3 million increase in bad debt expense related to parking and red light violation receivables.
- Culture and recreation expenses increased $18 million as a result of a $5.7 million increase in pension expense and a $5 million increase in personnel services. Additionally, contractual services increased $3.3 million due to increased funding for cultural contracts and restored funding for public art maintenance, as well as increased expenses related to expanded hours at City libraries and recreation centers.
- Housing expenses increased $7.2 million. $2.3 million of this increase was related to the establishment of the Planning and Neighborhood Vitality department. $3.2 was related to increased pension expenses.
- Human services decreased $3.5 million due to decreases in programming related to Housing and Urban Development.
- Interest on long-term debt decreased $11.7 million, related to refundings and retirement of bonds.



Business-type Activities

Business-type activities net position increased $92.9 million during fiscal year 2015. Total operating revenues increased $31.8 million from fiscal year 2014 and total non-operating revenues increased $18.2 million from fiscal year 2014. Significant changes in revenues include the following:

- During fiscal year 2015, airport operating revenues increased $15.5 million, due to higher rates and charges and increased passenger traffic, which resulted in higher landing fees, rental fees, concession fees and parking fees.
- During fiscal year 2015, Dallas Water Utilities customer charges increased $9 million from a 3.5% retail rate increase and increased consumption during the last quarter of fiscal year 2015 due to hot, dry conditions, offset by decreased consumption during the heavy spring rains. Capital contributions rose due to increases in amounts spent on construction by outside developers.
- Convention Center customer charges increased $4 million from the previous fiscal year primarily due to major events held at the Kay Bailey Hutchison Convention Center during the fiscal year, which included the Mary Kay annual convention, DFW Auto Show, American Academy of Otolaryngology – Head and Neck Surgery Foundation, True Value Spring Reunion, ASSE Professional Development Conference and Expo, Dallas Safari Club, MegaFest, College Football Playoff Fan Festival, Mecum Auto Auction, and National Cheerleaders' Association All-Star National Championship. Hotel occupancy tax revenues increased $3.6 million during the fiscal year due to increased travel to the City of Dallas.

Total business-type activities operating expenses increased $82 million from fiscal year 2014 and total non-operating expenses increased $8.5 million from fiscal year 2014. The following items contributed to changes in expenses during fiscal year 2015:

- Airport personnel services increased $2.5 million mainly due to changes in the way pension expense is calculated, as a result of implementing GASB Statement No. 68 and 71. This expense reflects the changes in net pension liability and related pension deferred outflows and inflows of resources. This is different than the prior year, where the annual pension contributions were recognized as expenses. Supplies and materials increased $810 thousand and contractual and other services increased $2.7 million mainly due to an increase in supplies and materials used and services provided after substantial completion of the new terminal and new gates at Love Field during fiscal years 2013 and 2014. Depreciation expense increased $2.8 million due to additional completed construction projects at the airport during 2015 with a full year of depreciation recorded for items completed during fiscal year 2014.
- Dallas Water Utilities personnel services increased by $15.4 million due mainly to pension expense recognized as a result of implementing GASB Statement No. 68 and No. 71. This expense reflects the changes in net pension liability and related pension deferred outflows and inflows of resources. Supplies and materials expenses increased $30.3 million primarily due to payments to the Sabine River Authority Escrow Account, related to an April 2015 legal ruling on DWU's Lake Fork contract (see Note 17C). Contractual services increased $13.9 million due to increases in information systems programming, reimbursements to the City general fund, water and wastewater relocations, equipment rentals and legal fees.
- Convention Center personnel services increased $1.3 million of which $798 thousand was due to pension expense recognized as a result of the implementation of GASB No. 68 and No. 71 and approximately $500 thousand was due to an increase in merit raises and hired staff from the previous year. Contractual services increased $1.8 million due mainly to increases in activities and events at the Convention Center during fiscal year 2015.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2015, the City's governmental funds reported combined ending fund balance of $882.5 million, an increase of $305.8 million in comparison with the prior fiscal year. The majority of this increase is due to the issuance of general obligation bonds during the fiscal year. Approximately $141.6 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it is 1) nonspendable in form or required to be maintained intact; 2) restricted for a specific purpose by constitution, external resource providers, or through enabling legislation; 3) committed by a formal action of Council for a specific purpose; or 4) assigned and intended to be used by the government for a specific purpose for contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At the end of fiscal year 2015, unassigned fund balance of the general fund was $141.6 million while total fund balance was $200.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.4% of total general fund expenditures and transfers out, while total fund balance represents 17.5% of that same amount.

The City's general fund balance increased $19.4 million during fiscal year 2015, primarily from increases in ad valorem revenue and sales tax revenue. Ad valorem tax revenue increased $33.4 million due to an increase in certified tax values. Sales tax revenue increased $17.8 million due to improvements in the economy. Services to others revenue increased $5.4 million due to a $397 thousand increase in 911 service receipts and wireline revenue, a $2 million increase in charges to other departments for the indirect cost allocation, a $6.5 million increase in sanitation collection fees, and a $3.6 million decrease in emergency ambulance and ambulance supplemental reimbursement revenues. Transfers in decreased $9.9 million mainly due to a decrease of $6.8 million in transfers from the Convention Center for the sports arena lease, a decrease of $2.3 million in transfers from the internal service funds for vehicle purchases for the general fund and a decrease of $625 thousand for payments related to a master lease agreement. The increases in revenues and transfers in were offset by a $46.9 million increase in total expenditures. The general government expenditures decreased $5.1 million mainly as a result of a decrease expenditures paid to the risk fund by $7.4 million offset by an increase in salaries and benefits by $1.7 million. Public safety expenditures increased $25.4 million, due mainly to an increase in salaries and benefits for the fire department of $9.5 million and police department of $15.9 million. Streets, street lighting, sanitation and code enforcement expenses increased $13.7 million, primarily due to an increase of $5.2 million in personnel services and $5.2 million increase in contractual services for the sanitation department related to equipment rentals, equipment repairs and maintenance and professional services. In addition, the contractual services for the street department increased $2.4 million and the supplies for the street department increased $1.6 million. Culture and recreation expenditures increased $9.9 million primarily due to an increase in personnel services of $5 million, an increase in contractual services of $2.3 million and a reduction of expenditure reimbursements from the parks capital project fund of $1 million.

The debt service fund had a total fund balance of $13.8 million at September 30, 2015 restricted for the payment of debt service. The debt service fund balance increased during the current year by $10.3 million compared to a decrease in fund balance of $2.5 million in fiscal year 2014. The increase in the debt service fund balance was primarily due to an increase in revenues and transfers of $3.3 million, and bond proceeds of $300.1 million. This was offset by an increase in payments to refunded bond escrow agent and debt service payments of $290.6 million.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in Dallas Water Utilities at the end of the year amounted to $102.1 million, Convention Center was $50 million and Airport Revenues was $83.9 million. The total change in net position was an increase of $63.6 million in Dallas Water Utilities, an increase of $7.4 million in Convention Center and an increase of $19.2 million in the Airport Revenues Fund. Factors regarding the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the final amended revenue budget including interfund transfers in increased $3.7 million over the original budget, primarily due to an increase in transfers in by approximately $3.7 million. Final budgeted expenditures and interfund transfers out increased $3.9 million over the original expenditure budget. This was primarily due to increases in expenditures related to the Dallas Police Department of $2.5 million, the Office of Management Services of $.5 million, City Secretary's Office of $1 million, Street Services of $.6 million, Park and Recreations of $.6 million. These increases were mainly offset by a decrease in transfers out by approximately $1 million, and reduction in expenditures of $.3 million from the City Attorney's Office and Office of Financial Services.

Actual budgetary basis revenues and transfers-in were higher by $8.8 million, or less than 1% from final budgeted amounts. The following actual revenues were unexpectedly higher than the final budgeted revenues: sales tax revenues were higher by $4.8 million, other tax and franchise revenues were higher by $1.7 million, services to others were higher by $6.6 million, fines and forfeitures were higher by $2.3 million. Actual budgetary expenditures and transfers out were less than the final amended budget by $12.3 million, due to the City's continued commitment to reduce expenditures during the fiscal year. Significant decreases occurred in the non-departmental, Dallas fire department, 9-1-1 systems operations, code compliance and street services expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2015, the City had approximately $9.8 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (see table 3). This amount represents a net increase of $389 million or 4.1% over the prior fiscal year.

Table 3
Capital Assets
(Net of Accumulated Depreciation, in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$ 493,810	$ 485,434	$ 261,494	$ 227,717	$ 755,304	$ 713,151
Artwork	49,460	49,351	3,344	2,276	52,804	51,627
Construction in progress	252,332	280,411	696,371	628,270	948,703	908,681
Water Rights	-	-	241,107	244,646	241,107	244,646
Buildings	800,809	778,238	1,242,703	1,218,159	2,043,512	1,996,397
Improvements other than buildings	484,371	491,351	352,669	322,518	837,040	813,869
Equipment	165,505	161,495	211,453	220,153	376,958	381,648
Infrastructure assets	1,489,091	1,349,542	350,822	359,716	1,839,913	1,709,258
Utility property	-	-	2,697,112	2,584,095	2,697,112	2,584,095
Totals	$ 3,735,378	$ 3,595,822	$ 6,057,075	$ 5,807,550	$ 9,792,453	$ 9,403,372

Some of the major additions for fiscal year 2015 included (gross additions – in millions):

Street and transportation improvements	$ 58.9
Flood control/storm drainage improvements	78.7
Library Renovation and Addition	5.9
Mckinney Ave. Trolley Extention	12.3
Land acquistions	6.3
Equipment acquisitions	29.5
Water and wastewater facilities	184.5
Pipeline reserve capacity rights	91.0
Airport improvements	79.6
Total	$ 546.7

The City's fiscal year 2016 capital budget provides another $704.8 million for capital projects, principally for four major categories: $468 million for general purpose capital improvements, $219.3 million for water utilities capital improvements, $12.3 million for aviation facilities, and $5.2 million for convention and event services.

The general purpose capital improvement program provides for improvements to and/or construction of the City's street system; parks and recreational facilities; libraries; police and fire protection facilities; cultural art facilities; and the flood protection and storm drainage systems; other City-owned facilities; and economic initiatives. General obligation bonds are the primary financing mechanism for these capital improvements.

The capital improvement program for the enterprise funds consists primarily of improvements to and/or construction of water and wastewater systems, and air transportation facilities. The primary financing mechanism for these capital improvements are enterprise fund net revenues and issuance of debt such as commercial paper and revenue bonds.

More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Debt

At fiscal year-end, the City had $4.9 billion in bonds for both governmental and business-type activities, an obligation for revenue credit agreement (including accrued unpaid interest), and water transmission facilities financing agreement outstanding, as shown in Table 4.

Table 4
Outstanding Debt at Fiscal Year-end (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 1,406,355	$ 1,235,765	$ -	$ -	$ 1,406,355	$ 1,235,765
Equipment acquisition obligations	-	4,685	-	-	-	4,685
Certificates of obligation	20,090	24,250	-	-	20,090	24,250
Pension obligation bonds	204,595	211,047	69,295	71,479	273,890	282,526
Revenue bonds	-	-	2,430,088	2,229,253	2,430,088	2,229,253
Water transmission facilities financing agreement	-	-	322,223	328,115	322,223	328,115
Obligation for revenue credit agreement	-	-	446,095	446,095	446,095	446,095
Total	$ 1,631,040	$ 1,475,747	$ 3,267,701	$ 3,074,942	$ 4,898,741	$ 4,550,689

Bond proceeds for governmental activities will be used to pay costs of various equipment purchases, street systems, playgrounds, recreation facilities, library facilities, and other City infrastructure and facilities.

In December 2014, the City issued general obligation refunding and improvement bonds, Series 2014, of $529.4 million with a stated interest rate range of 4.0% to 5.0% and a final maturity of February 15, 2034. The bonds were issued to refund certain outstanding bonds of the City, refund outstanding commercial paper, finance certain public improvements, and pay the cost of issuance of the bonds. Proceeds of $271.4 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $245.2 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $22.2 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statements as deferred outflows of resources, is being amortized to interest expense over the life of the new bonds. Total debt service payments decreased by $22.4 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $21.1 million.

In March 2015, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2015 of $604.3 million with an interest rate range of 1.00 to 5.00 percent and a final maturity of October 1, 2044. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of $454.6 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $413.4 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $32 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statement as deferred outflows of resources, is being amortized to interest expense over the life of the old bonds. Total debt service payments decreased by $29 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $25.7 million.

The City's General Obligation, General Obligation Pension Bonds, Waterworks and Sewer System, General Airport Revenue Bonds, Civic Center Convention Complex, and Dallas Convention Center Development Corp Bond underlying ratings are listed on the following page.

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	Aa1	AA+
General Obligation Pension Bonds	Aa1	AA+
Revenue Bonds:		
Waterworks and Sewer System	Aa1	AAA
General Airport Revenue	A1	A
Civic Center Convention Complex	A1	A
Dallas Convention Center Development Corp	A1	A+

More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Dallas City Council has identified key focus areas – Public Safety; Economic Vibrancy; Clean, Healthy Environment; Culture, Arts and Recreation; Educational Enhancements; and E3 Government, that is an efficient, effective, economical government. Property values increased 6.6 percent during the current fiscal year from $87.3 billion to $93.1 billion. The adopted fiscal year 2015-16 tax rate of $79.70 per $100 valuation will remain the same as the fiscal year 2014-2015 adopted tax rate and most fees will not be increased. The fiscal year 2015-16 budget of $3.1 billion is balanced, utilizing various cost containment strategies, revenue enhancements, and operational efficiencies.

With the multitude of water challenges across Texas, the City will continue to focus on maintaining infrastructure, conserving resources, and providing for future needs through replacement of aged water and wastewater mains; improvements at water treatment plants to improve reliability and water quality as well as increase capacity; continued water conservation efforts; and the TRWD integrated pipeline project to connect Lake Palestine to Dallas' water supply system to meet future needs. In order to achieve these goals, it was necessary to implement a water rate increase of 5.3% for retail revenue and 14.2% for wholesale revenue.

While the Texas economy churns on a path of expansion, the City continues its post-recession stabilization and is experiencing areas of measured economic growth. The City's unemployment rate of 4.2% is below the national average of 5.4% and existing home sales and housing starts are increasing. Although this period of growth is expected to continue, the City maintains a cautionary approach, realizing that a world event could slow or moderate expansion in the Dallas economy during the next 12 months.

The Mayor, City Council and City management have worked diligently over the past seven years to offset the economic effects of the global recession by operating with the City's resources; establishing priorities; focusing on core services; finding operational efficiencies and positioning the City for recovery.

Property tax revenue is the single largest revenue source and accounts for 43.4% of General fund revenue. Fiscal year 2016 will mark the fourth consecutive year of growth, with values increasing 7.71%, which amounts to approximately $57.2 million in additional revenue.

Council priorities and direction include the following:

- Invest in technology to improve services and efficiencies;
- Focus on the top three priorities identified in the citizen survey: maintenance of infrastructure, code compliance and police services;
- Phase in increases to the budget allocated to Culture, Arts, Recreation and Education (CARE) Key Focus Area; and
- Scrutinize services for efficiencies and reductions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Controller's Office, at City of Dallas, 1500 Marilla, Room 2BS, Dallas, Texas 75201.

"Dallas, the City that works:
diverse, vibrant and progressive."

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
September 30, 2015
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents	$ 397,917	$ 381,939	$ 779,856	$ 18,473	$ 48,930
Other investments, at fair value	40,536	-	40,536	2,963	-
Receivables, net	193,819	101,180	294,999	876	5,105
Internal balances	(6,653)	6,653	-	-	-
Prepaid items	4,330	11,792	16,122	-	1,103
Inventories, at cost	13,078	16,148	29,226	-	529
Other assets	1,884	123	2,007	820	34
Restricted assets:					
Cash and cash equivalents	572,225	328,701	900,926	7,956	35,496
Other investments, at fair value	-	130,733	130,733	-	37,052
Future pipeline reserve capacity rights	-	132,931	132,931	-	-
Customer assessments	-	656	656	-	-
Capital assets:					
Land	493,810	261,494	755,304	509	27,511
Artwork	49,460	3,344	52,804	-	-
Construction in progress	252,332	696,371	948,703	-	18,603
Water rights	-	353,910	353,910	-	-
Buildings	1,300,824	1,811,205	3,112,029	1,958	304,265
Improvements other than buildings	673,824	457,506	1,131,330	-	-
Equipment	654,614	666,594	1,321,208	98	40,946
Infrastructure assets	2,375,856	596,950	2,972,806	-	-
Utility property	-	3,687,968	3,687,968	-	-
Less accumulated depreciation	(2,065,342)	(2,478,267)	(4,543,609)	(201)	(41,567)
Total assets	4,952,514	7,167,931	12,120,445	33,452	478,007
Deferred outflows of resources					
Deferred loss on refunding	35,143	55,787	90,930	-	-
Deferred outflows of resources related to pensions	613,817	84,155	697,972	-	-
Total deferred outflows of resources	648,960	139,942	788,902	-	-
Liabilities					
Accrued payroll	29,092	492	29,584	-	1,225
Accounts payable	58,703	40,747	99,450	307	6,053
Due to other governments	5,500	3	5,503	-	-
Contracts payable	12,653	-	12,653	-	-
Other	9,215	1,040	10,255	287	1,006
Construction accounts payable	41,114	79,480	120,594	-	-
Accrued bond interest payable	9,838	56,944	66,782	148	15,717
Unearned revenue	46,761	7,645	54,406	-	6,033
Customer deposits	4,078	15,844	19,922	-	-
Customer construction advances	-	1,843	1,843	-	-
Noncurrent liabilities:					
Due within one year	218,748	126,681	345,429	2,831	3,700
Due in more than one year	7,828,473	3,693,026	11,521,499	94,679	486,832
Total liabilities	8,264,175	4,023,745	12,287,920	98,252	520,566
Deferred inflows of resources					
Deferred inflows of resources related to pensions	15,871	4,561	20,432	-	24
Net position					
Net investment in capital assets	2,520,158	2,778,732	5,298,890	2,364	(48,521)
Restricted for:					
Capital projects	39,007	-	39,007	-	-
Debt service	5,712	261,399	267,111	8,776	
General government	39,648	-	39,648	-	-
Storm water operations	43,031	-	43,031	-	-
Public safety	11,787	-	11,787	-	-
Culture and recreation	24,815	-	24,815	-	-
Streets and transportation	8,876	-	8,876	-	-
Other purposes	13,462	-	13,462	-	-
Permanent funds - nonexpendable	8,872	-	8,872	-	-
Unrestricted	(5,393,940)	239,436	(5,154,504)	(75,940)	5,938
Total net position	$ (2,678,572)	$ 3,279,567	$ 600,995	$ (64,800)	$ (42,583)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015
(in thousands)

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 220,164	$ 104,237	$ 10,903	$ 12,407
Public safety	594,747	74,126	13,236	13
Streets, street lighting, sanitation and code enforcement	213,665	109,391	2,025	1,462
Environmental and health services	18,067	-	17,783	-
Public works and transportation	74,130	5,572	1,327	33,138
Equipment and building services	36,917	979	950	-
Culture and recreation	160,527	19,972	2,426	12,692
Housing	17,529	1,994	2,830	-
Human services	20,451	118	25,558	-
Interest on long-term debt	63,404	-	-	-
Total governmental activities	1,419,601	316,389	77,038	59,712
Business-type activities:				
Dallas water utilities	499,585	573,327	-	7,005
Convention center	92,661	28,211	5,349	2,000
Airport revenues	103,950	109,777	588	12,130
Municipal radio	2,254	1,975	-	-
Building inspection	28,704	31,378	-	-
Total business-type activities	727,154	744,668	5,937	21,135
Total primary government	2,146,755	1,061,057	82,975	80,847
Component units:				
Governmental	17,216	2,304	-	-
Business-type	106,102	91,723	8,488	-
Total component units	123,318	94,027	8,488	-

General revenues:
- Ad valorem tax
- Tax increment financing, intergovernmental revenue
- Sales taxes
- Franchise fees
- Hotel occupancy tax
- Alcohol beverage tax
- Investment income
- Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year (restated - see note 1W)

Net position, end of year

Net (Expense) Revenue and Changes in Net Position					
Primary Government					
Governmental Activities	Business-Type Activities	Total	Component Units		
			Governmental	Business-type	
$ (92,617)	$ -	$ (92,617)	$ -	$ -	
(507,372)	-	(507,372)	-	-	
(100,787)	-	(100,787)	-	-	
(284)	-	(284)	-	-	
(34,093)	-	(34,093)	-	-	
(34,988)	-	(34,988)	-	-	
(125,437)	-	(125,437)	-	-	
(12,705)	-	(12,705)	-	-	
5,225	-	5,225	-	-	
(63,404)	-	(63,404)	-	-	
(966,462)	-	(966,462)	-	-	
-	80,747	80,747	-	-	
-	(57,101)	(57,101)	-	-	
-	18,545	18,545	-	-	
-	(279)	(279)	-	-	
-	2,674	2,674	-	-	
-	44,586	44,586	-	-	
(966,462)	44,586	(921,876)	-	-	
			(14,912)	-	
			-	(5,891)	
			(14,912)	(5,891)	
735,913	-	735,913	-	-	
4,892	-	4,892	14,958	-	
275,250	-	275,250	-	-	
132,719	-	132,719	-	-	
-	53,931	53,931	-	-	
-	11,247	11,247	-	-	
7,550	5,901	13,451	34	1,112	
43,588	314	43,902	-	8,991	
23,120	(23,120)	-	-	-	
1,223,032	48,273	1,271,305	14,992	10,103	
256,570	92,859	349,429	80	4,212	
(2,935,142)	3,186,708	251,566	(64,880)	(46,795)	
$ (2,678,572)	$ 3,279,567	$ 600,995	$ (64,800)	$ (42,583)	

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	$ 185,354	$ 13,465	$ 141,350	$ 340,169
Other investments, at fair value	-	-	40,536	40,536
Receivables:				
Ad valorem tax	27,383	11,940	-	39,323
Sales tax	46,661	-	-	46,661
Notes	105	-	62,691	62,796
Special assessments-paving notes	-	-	5,583	5,583
Accounts	95,007	-	21,777	116,784
Accrued interest	220	16	933	1,169
Allowance for uncollectible accounts	(52,398)	(10,245)	(40,601)	(103,244)
Due from other governments	86	-	24,434	24,520
Due from other funds	4,678	-	256	4,934
Prepaid items	215	-	4,086	4,301
Inventories, at cost	9,679	-	-	9,679
Restricted cash and cash equivalents	-	-	572,225	572,225
Notes receivable from other funds	-	-	4,161	4,161
Total assets	316,990	15,176	837,431	1,169,597
Liabilities, deferred inflows, and fund balances				
Liabilities				
Accrued payroll	28,783	-	180	28,963
Accounts payable	37,955	-	9,811	47,766
Due to other funds	268	-	5,422	5,690
Unearned revenue	7,622	-	47,568	55,190
Due to other governments	3,374	-	2,126	5,500
Construction accounts payable	-	-	41,114	41,114
Notes payable to other funds	-	-	10,546	10,546
Customer deposits	4,057	-	21	4,078
Contracts payable	-	-	12,653	12,653
Other	3,930	-	2,694	6,624
Total liabilities	85,989	-	132,135	218,124
Deferred inflows of resources				
Unavailable revenue	30,899	1,367	36,686	68,952
Fund balances				
Nonspendable	9,894	-	17,119	27,013
Restricted	8,485	13,809	636,889	659,183
Committed	10,570	-	14,602	25,172
Assigned	29,603	-	-	29,603
Unassigned	141,550	-	-	141,550
Total fund balance	200,102	13,809	668,610	882,521
Total liabilities, deferred inflows, and fund balances	$ 316,990	$ 15,176	$ 837,431	$ 1,169,597

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2015
(in thousands)

Total fund balances - governmental funds		$ 882,521
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	492,114	
Artwork	49,460	
Construction in progress	252,332	
Infrastructure assets	2,374,034	
Buildings	1,296,389	
Improvements other than buildings	672,835	
Equipment	521,145	
Accumulated depreciation	(1,939,838)	
Total capital assets		3,718,471
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		35,143
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		68,952
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, communication equipment services, office services, information services, and insurance. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		(29,886)
A portion of unearned revenue represents funds received in advance for Section 108 loans that have not been loaned to developers.		8,429
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable, plus unamortized bond premium and accretion	1,980,860	
Capital leases	52,488	
Accrued interest on bonds and notes	9,838	
Developer payable	68,551	
Notes payable	72,088	
Compensated absences	118,844	
Sales tax refund	9,557	
Other postemployment benefits	195,612	
Pollution remediation	3,860	
Landfill closure & post-closure	35,750	
Total long-term liabilities		(2,547,448)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net pension liability	5,391,310	
Deferred outflows of resources	(591,196)	
Deferred inflows of resources	14,640	
		(4,814,754)
Net position of governmental activities		$ (2,678,572)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	$ 499,734	$ 205,897	$ 29,254	$ 734,885
Tax increment financing, intergovernmental	-	-	4,892	4,892
Sales tax	275,250	-	-	275,250
Franchise fees	132,719	-	-	132,719
Licenses and permits	6,047	-	-	6,047
Intergovernmental	8,943	-	78,690	87,633
Service to others	194,734	-	66,951	261,685
Fines and forfeitures	26,148	-	8,731	34,879
Investment income	1,780	207	5,248	7,235
Contributions and gifts	24	-	25,824	25,848
Confiscated money awards	-	-	4,764	4,764
Other	4,838	1,394	3,169	9,401
Total revenues	1,150,217	207,498	227,523	1,585,238
Current expenditures:				
General government	93,818	-	109,962	203,780
Public safety	672,971	-	12,473	685,444
Streets,street lighting,sanitation and code enforcement	186,082	-	549	186,631
Environmental and health services	-	-	17,757	17,757
Public works and transportation	7,517	-	9,740	17,257
Equipment and building services	23,427	-	12	23,439
Culture and recreation	121,442	-	8,424	129,866
Housing	13,551	-	-	13,551
Human services	-	-	20,440	20,440
Debt service:				
Principal	10,909	155,337	2,716	168,962
Interest and fiscal charges	1,374	82,430	739	84,543
Capital outlay	7,676	-	196,336	204,012
Total expenditures	1,138,767	237,767	379,148	1,755,682
Excess (deficiency) of revenues over (under) expenditures	11,450	(30,269)	(151,625)	(170,444)
Other financing sources (uses):				
Transfers in	12,125	11,907	17,021	41,053
Transfers out	(4,630)	-	(10,727)	(15,357)
Proceeds from sale of capital assets	325	-	32,651	32,976
Premium on debt issued	-	95,392	-	95,392
Issuance of general obligation bonds	-	-	324,645	324,645
Refunding bonds issued	-	204,720	-	204,720
Payment to refunded bond escrow agent	-	(271,433)	-	(271,433)
Capital lease	158	-	34,420	34,578
Issuance of notes	-	-	29,672	29,672
Total other financing sources (uses)	7,978	40,586	427,682	476,246
Net change in fund balances	19,428	10,317	276,057	305,802
Fund balances, beginning of year	180,674	3,492	392,553	576,719
Fund balances, end of year	$ 200,102	$ 13,809	$ 668,610	$ 882,521

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015
(in thousands)

Net change in fund balances--total governmental funds			$ 305,802
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay	204,012		
Capital contributions	26,255		
Capital assets acquired through developer payable	27,952		
Depreciation expense	(113,391)		
Net adjustment			144,828
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			
Proceeds from sale of capital assets	(32,976)		
Net gain on disposal of capital assets	28,184		
			(4,792)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in “unavailable” revenues.			(3,993)
The unspent portion of proceeds from Section 108 loans is reported as unearned revenue in the governmental funds.			8,429
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued:			
Premium on debt issued		(95,392)	
Commercial paper notes payable		(27,880)	
General obligation bonds and certificates of obligation		(529,365)	
Notes payable		(12,791)	
Capital leases		(34,578)	
Repayments:			
Capital lease principal payment		9,081	
Sales tax refund liability		1,344	
Note principal payment		985	
Bond principal payments		128,862	
Payment to refunded bond escrow agent		271,433	
Commercial paper notes payment		26,475	
Net adjustment			(261,826)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Decrease in accrued interest payable		5,580	
Amortization of premium, discount and refunding deferral		19,342	
Accretion on capital appreciation bonds		(5,405)	
Increase in other postemployment benefits		(10,219)	
Decrease in pollution remediation liability		1,589	
Increase in compensated absences		(1,589)	
Increase in landfill closure cost		(1,176)	
Increase in developer payable		(12,494)	
Total adjustment			(4,372)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences and computer replacement, to individual funds. The external revenue generated by these funds (interest income and gain on sale of equipment) is reported with the governmental activities.			(2,052)
Changes to net pension liabiity and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			74,546
Change in net position of governmental activities			$ 256,570

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS
For the Year Ended September 30, 2015
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem tax	$ 520,321	$ 520,321	$ 520,450	$ 129
Sales tax	268,666	268,666	273,499	4,833
Other tax and franchise revenues	127,516	127,516	129,178	1,662
Licenses and permits	9,857	9,857	9,609	(248)
Intergovernmental	6,638	6,638	7,517	879
Services to others	165,872	165,872	172,432	6,560
Fines and forfeitures	31,446	31,446	33,729	2,283
Investment income	590	590	1,384	794
Miscellaneous revenue	12,140	12,140	11,058	(1,082)
Total revenues	1,143,046	1,143,046	1,158,856	15,810
Expenditures:				
General government				
City attorney's office	15,147	14,997	14,496	501
City auditor's office	2,844	2,784	2,731	53
Office of financial services	3,643	3,467	3,458	9
Independent audit	921	921	840	81
Dallas central appraisal district	3,439	3,439	3,361	78
Dallas county tax collection	535	535	535	-
Non-departmental	45,367	45,217	42,554	2,663
City controller's office	4,682	4,332	4,299	33
City manager's office	1,829	1,829	1,825	4
Municipal court - Judiciary	3,695	3,695	3,142	553
Court and detention services	12,202	12,027	11,971	56
Jail contract-Lew Sterrett	7,983	7,983	7,983	-
Civil service	2,345	2,365	2,231	134
Sustainable development and construction	1,540	1,440	1,004	436
Office of economic development	1,577	1,577	1,575	2
Mayor and city council	3,923	4,154	3,940	214
Office of management services	5,650	6,112	6,108	4
Human resources	4,638	4,638	4,258	380
Business development and procurement services	2,854	2,854	2,752	102
Elections	2,157	2,157	1,944	213
City secretary's office	870	1,929	1,891	38
Total general government	127,841	128,452	122,898	5,554
Public safety				
Dallas police department	438,060	440,538	440,530	8
Dallas fire department	228,008	228,059	227,057	1,002
9-1-1 systems operations	17,239	17,439	16,151	1,288
Total public safety	683,307	686,036	683,738	2,298
Streets, street lighting, sanitation and code enforcement				
Code compliance	35,383	35,193	33,262	1,931
Sanitation services	75,694	75,994	75,952	42
Street services	65,914	66,514	66,474	40
Street lighting	17,922	17,922	17,922	-
Total streets, street lighting, sanitation and code enforcement	194,913	195,623	193,610	2,013
Public works and transportation	6,861	6,861	6,855	6

continued

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)
For the Year Ended September 30, 2015
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
Trinity Watershed Management	$ 1,351	$ 1,201	$ 1,040	$ 161
Building services	23,896	23,941	23,914	27
Culture and recreation				
Library	26,144	26,144	25,843	301
Office of cultural affairs	17,288	17,288	17,255	33
Park and recreation	81,877	82,477	82,390	87
Total culture and recreation	125,309	125,909	125,488	421
Housing/Community services	11,499	11,508	10,930	578
Planning and Neighborhood Vitality	2,527	2,877	2,375	502
Total expenditures	1,177,504	1,182,408	1,170,848	11,560
Excess (deficiency) of revenues over (under) expenditures	(34,458)	(39,362)	(11,992)	27,370
Other financing sources (uses):				
Interfund transfers in	36,557	40,235	33,265	(6,970)
Interfund transfers out	(6,420)	(5,394)	(4,620)	774
Total other financing sources (uses)	30,137	34,841	28,645	(6,196)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(4,321)	(4,521)	16,653	21,174
Fund balances, beginning of year	141,114	141,114	141,114	-
Fund balances, end of year	$ 136,793	$ 136,593	$ 157,767	$ 21,174

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds					
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
Assets						
Current assets:						
Pooled cash and cash equivalents	$ 167,587	$ 53,741	$ 113,251	$ 47,360	$ 381,939	$ 57,748
Receivables:						
Accounts	81,236	3,407	8,275	614	93,532	173
Taxes	-	7,849	-	-	7,849	-
Accrued interest	581	92	197	57	927	54
Allowance for uncollectibles	(9,395)	(635)	(2)	(14)	(10,046)	-
Due from other governments	-	-	8,918	-	8,918	-
Due from other funds	268	-	-	-	268	488
Prepaid items	8,270	-	3,522	-	11,792	29
Inventories, at cost	14,272	506	1,370	-	16,148	3,399
Restricted assets:						
Customer assessments	647	-	9	-	656	-
Pooled cash and cash equivalents for current debt service	141,415	3,643	-	-	145,058	-
Cash and cash equivalents Held for construction purposes	29,183	4,755	-	-	33,938	-
Customer deposits:						
Pooled cash and cash equivalents	14,758	-	-	-	14,758	-
Other	123	-	-	-	123	1,884
Total current assets	448,945	73,358	135,540	48,017	705,860	63,775
Noncurrent assets:						
Capital Assets:						
Land	94,338	82,728	83,528	900	261,494	1,696
Artwork	-	-	3,344	-	3,344	-
Construction in progress	683,872	2,529	9,659	311	696,371	-
Water rights	353,910	-	-	-	353,910	-
Buildings	525,039	592,138	693,691	337	1,811,205	4,435
Improvements other than buildings	80,068	64,133	313,032	273	457,506	989
Infrastructure assets	579,419	12,635	4,896	-	596,950	1,822
Equipment	547,168	41,670	73,890	3,866	666,594	133,469
Utility property	3,687,968	-	-	-	3,687,968	-
Accumulated depreciation	(1,951,079)	(300,630)	(222,498)	(4,060)	(2,478,267)	(125,504)
Total capital assets	4,600,703	495,203	959,542	1,627	6,057,075	16,907
Other noncurrent assets:						
Restricted assets:						
Future pipeline reserve capacity rights	132,931	-	-	-	132,931	-
Held for construction purposes:						
Cash and cash equivalents	-	-	5,027	-	5,027	-
Other investment	-	-	100,016	-	100,016	-
Pooled cash and cash equivalents for future debt service	10,739	4,384	8	-	15,131	-
Other investments for future debt service at fair value	90,375	18,978	21,380	-	130,733	-
Cash and cash equivalents held by escrow agent	14,773	-	-	-	14,773	-
Notes receivable from other funds	6,385	-	-	-	6,385	-
Total other noncurrent assets	255,203	23,362	126,431	-	404,996	-
Total noncurrent assets	4,855,906	518,565	1,085,973	1,627	6,462,071	16,907
Total assets	5,304,851	591,923	1,221,513	49,644	7,167,931	80,682
Deferred outflows of resources						
Deferred loss on refunding	49,833	5,890	22	42	55,787	-
Deferred outflows of resources related to pensions	61,511	3,616	7,463	11,565	84,155	22,621
Total deferred outflows of resources	$ 111,344	$ 9,506	$ 7,485	$ 11,607	$ 139,942	$ 22,621

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accrued payroll	$ 351	$ 22	$ 45	$ 74	$ 492	$ 129
Accounts payable	18,706	5,178	16,633	230	40,747	10,937
Compensated absences	4,919	294	607	1,035	6,855	1,822
Due to other governments	-	3	-	-	3	-
Unearned revenue	-	12	1,950	5,683	7,645	-
Estimated unpaid health claims	-	-	-	-	-	6,713
Estimated unpaid claims - general	-	-	-	-	-	3,912
Workers' compensation	-	-	-	-	-	7,133
Accrued interest payable on notes	225	16	1	41	283	-
Pension obligation bonds	1,512	108	142	275	2,037	-
Pollution remediation	-	59	98	-	157	-
Notes payable	-	1,981	261	-	2,242	-
Obligation for revenue credit agreement	-	-	6,990	-	6,990	-
Capital leases	-	-	402	-	402	-
Other	-	-	-	1,040	1,040	2,591
Total current liabilities	25,713	7,673	27,129	8,378	68,893	33,237
Current liabilities (payable from restricted assets):						
Construction accounts payable	62,247	527	16,706	-	79,480	-
Accrued interest payable on bonds	44,296	1,983	10,382	-	56,661	-
Water transmission facilities financing agreement	5,583	-	-	-	5,583	-
Revenue bonds	96,675	5,740	-	-	102,415	-
Total current liabilities (payable from restricted assets)	208,801	8,250	27,088	-	244,139	-
Total current liabilities	234,514	15,923	54,217	8,378	313,032	33,237
Noncurrent liabilities:						
Notes payable	-	-	266	-	266	-
Commercial paper notes payable	90,458	-	-	-	90,458	-
Revenue bonds	2,050,126	302,164	122,553	-	2,474,843	-
Obligation for revenue credit agreement	-	-	435,042	-	435,042	-
Accreted interest on pension obligation bonds	26,961	1,924	2,527	4,910	36,322	-
Pension obligation bonds	72,198	5,140	6,765	13,155	97,258	-
Water transmission facilities financing agreement	316,640	-	-	-	316,640	-
Capital leases	-	-	29,713	-	29,713	-
Total long-term debt	2,556,383	309,228	596,866	18,065	3,480,542	-
Other long-term liabilities:						
Estimated unpaid claims - general	-	-	-	-	-	13,418
Other postemployment benefits	27,503	1,517	3,813	4,742	37,575	8,346
Net pension liability	121,281	7,080	14,670	22,582	165,613	44,689
Workers compensation	-	-	-	-	-	29,882
Customer deposits	14,848	996	-	-	15,844	-
Customer construction advances	1,843	-	-	-	1,843	-
Pollution remediation	-	-	320	-	320	-
Compensated absences	6,442	384	795	1,355	8,976	2,386
Total other long-term liabilities	171,917	9,977	19,598	28,679	230,171	98,721
Total noncurrent liabilities	2,728,300	319,205	616,464	46,744	3,710,713	98,721
Total liabilities	2,962,814	335,128	670,681	55,122	4,023,745	131,958
Deferred inflows of resources						
Deferred inflows of resources related to pensions	3,341	195	404	621	4,561	1,231
Net Position						
Net investment in capital assets	2,134,907	189,546	452,652	1,627	2,778,732	16,907
Restricted:						
Debt service	213,006	27,005	21,388	-	261,399	-
Unrestricted	102,127	49,555	83,873	3,881	239,436	(46,793)
Total net position	$ 2,450,040	$ 266,106	$ 557,913	$ 5,508	$ 3,279,567	$ (29,886)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds					
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues:						
Customer charges	$ 573,327	$ 28,211	$ 83,306	$ 33,353	$ 718,197	$ -
Charges to other City departments	-	-	-	-	-	206,475
Service to others	-	-	-	-	-	55,953
Intergovernmental	-	5,349	588	-	5,937	-
Other	-	154	12	148	314	719
Total operating revenues	573,327	33,714	83,906	33,501	724,448	263,147
Operating expenses:						
Personnel services	99,304	7,694	14,778	21,921	143,697	44,574
Supplies and materials	106,558	4,105	6,721	904	118,288	28,833
Contractual and other services	104,995	45,680	31,429	7,032	189,136	186,049
Depreciation	113,036	18,258	26,954	153	158,401	4,163
Total operating expenses	423,893	75,737	79,882	30,010	609,522	263,619
Operating income (loss)	149,434	(42,023)	4,024	3,491	114,926	(472)
Nonoperating revenues (expenses):						
Investment income	3,995	680	877	349	5,901	315
Alcohol beverage tax	-	11,247	-	-	11,247	-
Hotel occupancy tax	-	53,931	-	-	53,931	-
Passenger facility charges	-	-	26,471	-	26,471	-
Interest on bonds and notes	(75,732)	(17,157)	(24,068)	(948)	(117,905)	-
Net gain (loss) on property disposals	40	233	-	-	273	496
Total nonoperating revenues (expenses)	(71,697)	48,934	3,280	(599)	(20,082)	811
Income before contributions and transfers	77,737	6,911	7,304	2,892	94,844	339
Capital contributions	7,005	2,000	12,130	-	21,135	-
Transfers in	766	-	-	-	766	950
Transfers out	(21,936)	(1,493)	(229)	(228)	(23,886)	(3,341)
	(14,165)	507	11,901	(228)	(1,985)	(2,391)
Change in net position	63,572	7,418	19,205	2,664	92,859	(2,052)
Net position, beginning of year (restated - see note 1W)	2,386,468	258,688	538,708	2,844	3,186,708	(27,834)
Net position, end of year	$ 2,450,040	$ 266,106	$ 557,913	$ 5,508	$ 3,279,567	$ (29,886)

The notes to financial statements are an integral part of this statement.

"Dallas, the City that works:
diverse, vibrant and progressive."

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Cash flows from operating activities:			
Cash received from customers	$ 565,811	$ 31,372	$ 82,469
Cash payments to suppliers for goods and services	(106,731)	(4,123)	(7,164)
Cash payments to employees for services	(83,679)	(6,777)	(12,736)
Cash payments for contractual services	(99,948)	(46,861)	(23,629)
Other operating cash receipts (payments)	84	369	(1,222)
Net cash provided by (used in) operating activities	275,537	(26,020)	37,718
Cash flows from non capital financing activities:			
Alcohol beverage tax	-	11,247	-
Hotel occupancy tax	-	53,931	-
Principal paid on pension obligation bonds	(1,622)	(116)	(152)
Interest paid on pension obligation bonds	(5,143)	(320)	(420)
Transfers from other funds	581	-	-
Transfers to other funds	(21,936)	(1,493)	(229)
Net cash provided by (used in) non capital financing activities	(28,120)	63,249	(801)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(201,379)	(7,609)	(47,174)
Proceeds from sale of fixed assets	230	233	-
Proceeds from obligation for revenue bonds	673,323	-	122,872
Payment to refunded bond escrow agent	(454,248)	-	-
Principal paid on revenue bonds	(94,545)	(4,640)	-
Principal paid on notes payable and other obligations	(5,892)	(1,944)	(580)
Interest paid on bonds, notes and other obligations	(105,512)	(16,160)	(23,292)
Bond issuance costs	(2,180)	-	(1,082)
Proceeds from sale of commercial paper notes	313,068	-	-
Retirement of commercial paper notes	(345,450)	-	-
Other assets-prepaid construction cost	(2,707)	-	-
Passenger facility charges	-	-	25,363
Intergovernmental capital contribution	-	2,000	13,333
Net cash provided by (used in) capital and related financing activities	(225,292)	(28,120)	89,440
Cash flows from investing activities:			
Purchase of investments	(89,992)	-	(121,396)
Maturity of investments	89,975	-	-
Investment income	2,946	604	762
Net cash provided by (used in) investing activities	2,929	604	(120,634)
Net increase (decrease) in cash and cash equivalents	25,054	9,713	5,723
Cash and cash equivalents, beginning of year	353,401	56,810	112,563
Cash and cash equivalents, end of year	$ 378,455	$ 66,523	$ 118,286

The notes to financial statements are an integral part of this statement.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 35,752	$ 715,404	$ 263,063
(858)	(118,876)	(24,470)
(18,956)	(122,148)	(39,297)
(7,126)	(177,564)	(187,011)
-	(769)	-
8,812	296,047	12,285
-	11,247	-
-	53,931	-
(295)	(2,185)	-
(816)	(6,699)	-
-	581	-
(228)	(23,886)	(2,391)
(1,339)	32,989	(2,391)
(69)	(256,231)	(3,184)
-	463	-
-	796,195	-
-	(454,248)	-
-	(99,185)	-
-	(8,416)	-
-	(144,964)	-
-	(3,262)	-
-	313,068	-
-	(345,450)	-
-	(2,707)	-
-	25,363	-
-	15,333	-
(69)	(164,041)	(3,184)
-	(211,388)	-
-	89,975	-
333	4,645	308
333	(116,768)	308
7,737	48,227	7,018
39,623	562,397	50,730
$ 47,360	$ 610,624	$ 57,748

continued

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 149,434	$ (42,023)	$ 4,024
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	113,036	18,258	26,954
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	(7,902)	(740)	(2,437)
(Increase) Decrease in customer assessments receivable	(23)		(9)
(Increase) Decrease in notes receivables from other funds	128	-	-
(Increase) Decrease in inventories	(173)	(18)	(443)
(Increase) Decrease in other assets	-	-	(1,222)
(Increase) Decrease in due from other governments	-	(2)	-
(Increase) Decrease in due from other funds	84	371	-
(Increase) Decrease in deferred outflows for pension contributions	(7,299)	(451)	(906)
Increase (Decrease) in accounts payable	5,361	(1,181)	7,752
Increase (Decrease) in accrued payroll	351	22	45
Increase (Decrease) in compensated absences	36	(54)	(21)
Increase (Decrease) in allowance for doubtful accounts	(713)	(1)	1
Increase (Decrease) in unearned revenue	-	(600)	1,008
Increase (Decrease) in customer deposits	994	(1,001)	-
Increase (Decrease) in other post employment benefits	1,184	151	343
Increase (Decrease) in customer construction advances	(314)	-	-
Increase (Decrease) in net pension liability	21,353	1,249	2,581
Increase (Decrease) in other liabilities	-	-	48
Total adjustments	126,103	16,003	33,694
Net cash provided by (used in) operating activities	275,537	(26,020)	37,718
Current Assets:			
Pooled cash and cash equivalents	167,587	53,741	113,251
Pooled cash and cash equivalents for current debt service	141,415	3,643	-
Customer Deposits pooled cash and cash equivalents	14,758	-	-
Non-current Assets:			
Cash and cash equivalents			
Held by escrow agent	14,773	-	-
Held for construction purposes	29,183	4,755	5,027
For future debt service	10,739	4,384	8
Total cash and cash equivalents end of year	$ 378,455	$ 66,523	$ 118,286
Noncash investing, capital, and financing activities:			
Capital contributions	$ 7,005	$ -	$ -
Inception of capital lease	-	-	30,439
Capital assets transferred from other City funds	185	-	-
Change in fair value of non-pooled investments	443	51	-
Change in fair value of pooled investments	772	135	231
Premium/discount amortization	13,859	623	62
Accretion on capital appreciation bonds	1,358	68	127
Amortization of deferred gain/loss on refunding	4,354	1,233	3
Capital assets acquired through water transmission financing agreement	79,732	-	-
Decrease in future pipeline reserve capacity rights	(79,732)	-	-

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 3,491	$ 114,926	$ (472)
153	158,401	4,163
(95)	(11,174)	(84)
	(32)	-
-	128	-
-	(634)	932
-	(1,222)	797
-	(2)	(476)
-	455	129
(1,472)	(10,128)	(2,645)
(94)	11,838	2,719
74	492	-
169	130	12
-	(713)	-
2,346	2,754	-
-	(7)	-
238	1,916	(88)
-	(314)	-
3,956	29,139	7,869
46	94	(571)
5,321	181,121	12,757
8,812	296,047	12,285
47,360	381,939	57,748
-	145,058	-
-	14,758	-
-	14,773	-
-	38,965	-
-	15,131	-
$ 47,360	$ 610,624	$ 57,748
$ -	$ 7,005	$ -
-	30,439	-
-	185	-
-	494	-
103	1,241	(97)
121	14,665	-
248	1,801	-
6	5,596	-
-	79,732	-
-	(79,732)	-

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2015
(in thousands)

	Agency Funds	Pension Trust Funds (1)
Assets		
Pooled cash and cash equivalents	$ 8,285	$ -
Cash and cash equivalents	-	161,431
Invested securities lending collateral	-	468,010
Receivables:		
Accounts	35	444,893
Accrued interest	8	10,394
Short-term investments	-	36,240
Equity securities	-	703,067
Domestic equities	-	980,491
U.S. and foreign government fixed income securities	-	701,264
Domestic corporate fixed income	-	680,829
International equities and fixed income	-	901,068
Commingled index funds	-	119,878
Real assets	-	1,228,373
Private equities and venture capital funds	-	907,645
Atlernative investments	-	398,769
Forward currency contracts	-	(9)
Prepaid expenses	-	194
Other assets	120	-
Capital assets, net	-	12,400
Total assets	8,448	7,754,937
Liabilities		
Accounts payable	3,333	10,347
Payable for securities purchased	-	60,965
Securities lending obligation	-	468,010
Other	5,115	721,530
Total liabilities	8,448	1,260,852
Net Position		
Net investment in capital assets	-	12,400
Held in trust for pension benefits and other purposes	-	6,481,685
Total net position	$ -	$ 6,494,085

(1) Information presented for the pension trust funds is as of December 31, 2014.

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	$ 157,442
Employee	75,918
Total contributions	233,360
Net investment income:	
Interest and dividends	195,266
Net appreciation in fair value of investments	(99,864)
Securities lending income	3,388
Less investment expenses:	
Investment management fees	(29,054)
Custody fees	(150)
Consultant fees	(337)
Securities lending management fees	(667)
Total investment expenses	(30,208)
Net investment income	68,582
Other income	157
Total increases	302,099
Deductions:	
Benefit payments	473,228
Refund of contributions	6,362
Interest expense	7,412
Administrative expenses	12,209
Total deductions	499,211
Change in net position	(197,112)
Net position	
Beginning of year	6,691,197
End of year	$ 6,494,085

(1) Information presented for the pension trust funds is for the year ended December 31, 2014.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2015

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Note 1. Summary of Significant Accounting Policies

A. General

The City of Dallas, Texas ("the City") is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Unless otherwise indicated, amounts are presented in thousands (000's). The more significant accounting and reporting policies and practices used by the City are described below.

B. Reporting Entity

The accompanying basic financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City's municipal services, which include public safety (police and fire), streets, sanitation, environmental and health services, code enforcement, public works and transportation, equipment and building, culture and recreation, housing and human services, and general administrative services, are included in the accompanying basic financial statements.

In addition, the City owns and operates certain enterprise funds including water utilities, convention services, airport and other enterprise activities that are also included in the accompanying basic financial statements.

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Thus, blended component units are appropriately presented as funds of the primary government. The information reported for the pension trust funds is as of December 31, 2014 and the Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2015.

- Pension Trust Funds – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees' Retirement Fund of the City of Dallas, at 600 North Pearl Street, Suite 2450, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 4100 Harry Hines Boulevard, Ste. 100, Dallas, TX 75219. Complete financial statements of each plan may be obtained at the administrative offices.
- Love Field Airport Modernization Corporation (LFAMC) – The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the City included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the City.

Discretely Presented Component Units – The following legally separate entities are reported as discretely presented component units of the City because the City appoints a voting majority of the boards, approves budgets and maintains the ability to impose its will on the entities. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The information reported for the Dallas Convention Center Hotel Development Corporation and the Housing Finance Corporation is as of December 31, 2014 and all others are as of September 30, 2015.

Note 1. Summary of Significant Accounting Policies (continued)

- Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate-income citizens opportunities for single-family residential home ownership.
- Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate income persons.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the City. The DDDA operates in a manner similar to other tax increment financing zones of the City, but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers.
- North Oak Cliff Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- Cypress Waters Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, and the public welfare in the District.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel which is located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 2BS, Dallas, TX 75201.

Related Organizations

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for the organization does not extend beyond making appointment.

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. The Cities approve the Airport's annual budget and all bond sales, but have no responsibility for the DFW Airport's debt service requirements. DFW Airport is governed by a 12-member board (Board) comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell. Members of the Board are appointed by the respective City Councils. The Board is a semi-autonomous body charged with governing the Airport and may enter into contracts without approval of the city councils.

The Dallas Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the City. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the Department of Housing and Urban Development and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The governing body of the Authority is its Board of Commissioners, composed of five members appointed by the Mayor of the City of Dallas. The Authority is not considered a component unit of the City, as defined by pronouncements of GASB 14, amended by GASB 39 and GASB 61, since the City is not financially accountable for the operations of the Authority, has no responsibility to fund deficits or receive surpluses, and has not guaranteed the Authority's debt.

The Dallas Area Rapid Transit (DART) is a regional transportation authority under Chapter 452 of the Texas Transportation Code and is controlled by a 15-member board. The Dallas City Council appoints seven members and participating suburban city councils appoint eight board members. Its purpose is to provide transportation services in the DART service area. The voters in the DART service area approved a one percent sales tax to fund the authority annually. DART is not fiscally dependent on the City.

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its non-fiduciary component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund level financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows; however, agency funds report only assets and liabilities and have no measurement focus.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues received within 60 days of year-end to be available, in accordance with the City's accounting policy, except as noted in the paragraph below.

Revenues susceptible to accrual include ad valorem taxes, sales tax, sanitation collection fees, disposal fees, ambulance fees, parking fines, franchise fees and interest. In applying the susceptible to accrual concept to Federal and State grants, revenues are recognized when applicable eligibility requirements, including time requirements, are met. The grant revenues and developer and intergovernmental contributions availability period is considered to be one year. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting net receivables are deemed immaterial, such as court fines and fees.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, rebatable arbitrage, claims and judgments, landfill closure and post-closure care costs, other postemployment benefits, and pollution remediation are recorded only when matured and payment is due.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Note 1. Summary of Significant Accounting Policies (continued)

The City reports the following non-major governmental funds:

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for private endowments whereby interest earnings are restricted in accordance with the endowment terms.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position and cash flow. All assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position.

The City reports the following major proprietary funds:

The Dallas Water Utilities Fund accounts for water and wastewater services for Dallas, area customer cities and governmental entities. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Convention Center Fund accounts for convention and event services for the Dallas Convention Center. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Airport Revenues Fund accounts for Dallas Airports System, which includes airport services and administration of Dallas Love Field, Executive Airport and Heliport. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service. DFW airport activity is not included in the financial statements.

The City reports the following non-major proprietary funds:

The non-major proprietary funds consist of Enterprise Funds, which are used to account for operations, other than the major proprietary funds listed above, and are operated in a manner similar to private business enterprises. Non-major Enterprise Funds include the operation of the municipal radio station and building inspections.

Additionally, the City reports the following funds:

The Internal Service Funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments are vehicles, vehicle maintenance and fuel and lubrication, providing communication services, providing data processing and programming services, providing office supplies, printing, copying and mailing services and providing risk financing and insurance-related activities.

The Pension Trust Fund accounts for the activities of the City's three contributory defined benefit pension plans:

Employees' Retirement System; Police and Fire Pension System; and Supplemental Police and Fire Pension Plan.

The Agency Funds are used to account for assets held by the City, as an agent for individuals (employee war and savings bond fund, deferred compensation, cash escrow, confiscated money, disposal deposit fund), and other funds for assets held by the City, in a trustee capacity (tax distribution, and employee benefits).

Note 1. Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (PILOT) and other charges between the Dallas Water Utilities Fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

Operating revenues of the City's enterprise funds are charges to customers for sales and services, charges to other City departments, services to others, intergovernmental revenue and other revenues. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in pooled cash as well as short-term investments with the exception of the Pension Trust Funds (which consider short-term investments as regular investments). Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.

Investments in certificates of deposits, U.S. government obligations and other investments are recorded at fair value based on quoted market prices. Pension investments are recorded at fair value based on quoted market values, where available. The amounts recorded in the Pension Trust Funds for real estate funds and venture capital funds represent estimated fair values based upon appraised values or other comparable methods. The Commingled Index Funds estimated fair values are based upon audited financial statements.

F. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas, Denton, Collin, and Rockwall Central Appraisal Districts equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than eight percent above the effective tax rate. Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year.

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2015 were 97.62 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2015 was $0.797 per $100 dollars of assessed valuation, $0.5646 for general governmental services and $0.2324 for the payment of principal and interest on general obligation long-term debt.

G. Federal and State Grants and Entitlements

Grants and entitlements received for purposes normally financed through the general government are accounted for within the Special Revenue Funds. Community Development Block Grants are the more significant grants so classified. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, excluding time requirements, have been met. Amounts received before time requirements are met, but after all other eligibility requirements have been met are reported as a deferred inflow of resources.

H. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies and automotive parts held for consumption and are recorded as expenditures (or expenses) when consumed.

Note 1. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2015. Prepaid items are recorded using the consumption method.

J. Restricted Assets

Proceeds of Enterprise Fund revenue bonds, commercial paper notes, and other financing arrangements, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the balance sheet when their use is limited by applicable covenants. The Capital Project Funds record proceeds of debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next 12 months.

The assets restricted for revenue bond future debt service are used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue bond proceeds, contractual obligation debt service funds, unspent grant proceeds, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (examples include streets and bridges), are reported in the applicable governmental or business-type activities columns, in both the government-wide and proprietary fund level statement of net position. Generally, equipment with an individual cost of at least $5 thousand, infrastructure with a cost of at least $25 thousand, and buildings with a cost of at least $50 thousand and an estimated useful life of more than one year, are capitalized. Purchased or constructed capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Assets acquired by donation are recorded at estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The business-type activities and proprietary funds capitalized interest costs during construction. Interest capitalized in the Dallas Water Utilities and Aviation Revenues during the year ended September 30, 2015 was $27.3 million and $1 million, respectively.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets beginning on the date of acquisition or the date placed in service.

The estimated useful lives of the primary government's capital assets are as follows:

	Useful Life	
	Governmental Activities	Business-type Activities
Infrastructure……..	10-50 years	50-100 years
Reservoirs and water rights……..	N/A	100 years
Buildings……..	10-50 years	10-50 years
Improvements other than buildings……..	10-50 years	10-100 years
Equipment……..	3-20 years	3-25 years
Utility property……..	N/A	33-75 years

Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

Note 1. Summary of Significant Accounting Policies (continued)

L. Compensated Absences

The City's employees earn vacation, sick, and attendance incentive leave which may be used or accumulated up to certain amounts. Unused vacation and attendance incentive leave is paid upon death, retirement or termination. Unused sick leave is reduced to a specified limit when paid upon retirement, certain terminations, or death.

In accordance with the criteria established in the Codification of Governmental Accounting Standards, Section C60, "Compensated Absences," a liability is recorded for vacation leave earned by employees attributable to past service and sick leave earned by employees attributable to past service only to the extent it is probable that such leave will result in termination pay. In addition, a liability has been recorded for certain salary related payments associated with the payment of accrued vacation and sick leave.

In the government-wide and proprietary fund statements of net position, all compensated absence liabilities incurred are recorded as liabilities. However, a liability is recorded in the governmental funds balance sheet only if they have matured and are due as a result of employee resignations, retirements, or termination.

M. Risk Management

The City is self-funded for workers' compensation, employee health insurance, most property damage and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection are also required for all City contractors, vendors, lessees and permit holders. Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred but Not Reported (IBNR) liabilities for workers' compensation, tort cases, and employee health insurance.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – The pension contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year.
- Difference in projected and actual earning on pension assets and changes in assumptions – These are amortized as a component of pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the balance sheet and statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second item qualifies as deferred inflows of resources as a result of implementing GASB Statement No. 68. A deferred inflow is recorded in the government-wide statement of net position and fund level financials for the proprietary statements of net position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The differences are amortized over the average remaining service life of all participants in the respective pension plans and recorded as a component of pension expense beginning with the period in which they are incurred. The Dallas Convention Center Hotel Development Corporation discretely presented component unit also reports a deferred inflow as a result of the advance for the Build America Bonds rebate.

Note 1. Summary of Significant Accounting Policies (continued)

O. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements of net position.

General obligation bonds are issued to fund capital projects of both the general government and certain proprietary funds and are to be repaid from tax revenues of the City. Accreted interest on capital appreciation bonds is reflected as interest expense in the governmental activities statement of activities and as an addition to non-current liabilities in the statement of net position.

P. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund level balance sheets/statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with interest rates ranging from 4.25% to 5.44%.

R. Transactions Between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

S. Deferred Compensation Plan

There are three deferred compensation plans. Two of these plans are voluntary for City employees who participate in the City’s pension plans. The third plan is mandatory for all employees and council members who are not covered by the City’s pension plans. These plans comply with sections 401(k) and 457(b) of the Internal Revenue Code.

Participants in the City’s voluntary 457 and 401(k) plans have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by Fidelity Management Trust Company. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457 plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant’s account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the City’s voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the City’s financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

Note 1. Summary of Significant Accounting Policies (continued)

T. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended for operation and maintenance of City parks or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) in relation to endowment funds.

The risk fund has a deficit net position of $51.5 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. Those liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B. The municipal radio fund has a deficit net position of $457 thousand, due to the recognition of the net pension liability related to GASB Statement No. 68. The City's approach for addressing this deficit is to enhance revenues and to employ cost reduction measures.

U. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and all highly liquid debt instruments purchased with an original maturity of three months or less or that have general characteristics of demand deposits in that additional funds may be deposited or withdrawn at any time without prior notice or penalty to be cash equivalents.

V. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. New Accounting Pronouncements

During fiscal year 2015, the City adopted the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27," was implemented as required by GASB during the fiscal year ending September 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information in contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pension (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68," was implemented by the City as required by GASB during fiscal year ending September 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions".

The implementation of GASB Statement No. 68 and No. 71 resulted in a restatement of the City's net position at September 30, 2014 for the recording of the beginning net pension liability and the beginning deferred outflows of resources for contributions made after the measurement date. The following table reflects the net effect of the restatement on the prior year statement of net position.

Note 1. Summary of Significant Accounting Policies (continued)

	Governmental Activities (Net of Internal Service Funds)	Internal Service Funds	Total Governmental Activities
Net Position at September 30, 2014, as previously reported	$ 2,254,375	$ (9,759)	$ 2,244,616
Net Pension Asset	(300,158)	-	(300,158)
Net Pension Obligation	27,769	-	27,769
Net Pension Liability at September 30, 2014			
Employees Retirement Fund	(181,949)	(20,571)	(202,520)
Police and Fire Combined Plan	(4,793,130)	-	(4,793,130)
Police and Fire Supplemental Plan	(19,742)	-	(19,742)
Deferred Outflows at September 30, 2014			
Employees Retirement Fund	22,106	2,497	24,603
Police and Fire Combined Plan	81,603	-	81,603
Police and Fire Supplemental Plan	1,817	-	1,817
Net Position at September 30, 2014, restated for GASB No. 68	(2,907,309)	(27,833)	(2,935,142)

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total Enterprise Funds	Total Primary Government
Net Position at September 30, 2014, as previously reported	$ 2,512,214	$ 267,033	$ 551,820	$ 25,956	$ 3,357,023	$ 5,601,639
Net Pension Asset	(76,688)	(5,485)	(7,176)	(13,957)	(103,306)	(403,464)
Net Pension Obligation	-	-	-	-	-	27,769
Net Pension Liability at September 30, 2014						
Employees Retirement Fund	(55,828)	(3,259)	(6,753)	(10,395)	(76,235)	(278,755)
Police and Fire Combined Plan	-	-	-	-	-	(4,793,130)
Police and Fire Supplemental Plan	-	-	-	-	-	(19,742)
Deferred Outflows at September 30, 2014						
Employees Retirement Fund	6,770	398	817	1,241	9,226	33,829
Police and Fire Combined Plan	-	-	-	-	-	81,603
Police and Fire Supplemental Plan	-	-	-	-	-	1,817
Net Position at September 30, 2014, restated for GASB No. 68	2,386,468	258,687	538,708	2,845	3,186,708	251,566

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" was implemented by the City as required by GASB during fiscal year ended September 30, 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, which includes a variety of transactions referred to as mergers, acquisitions and transfers of operations. The implementation of this statement did not result in any changes to the City's financial statements.

The GASB has issued the following statements which will be effective in futures years as described below:

GASB Statement No. 72, Fair Value Measurement and Application, will be implemented by the City as required by GASB during fiscal year ending September 30, 2016. The objective of this statement is to address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", will be implemented as required by GASB during the fiscal year ending September 30, 2017. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contributions pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No.67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", will be implemented as required by GASB during the fiscal year ending September 30, 2017. The Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", will be implemented as required by GASB during the fiscal year ending September 30, 2018. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB, Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", will be implemented as required by GASB during the fiscal year ending September 30, 2016. The Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement is not expected to result in any changes to the financial statements.

GASB Statement No. 77, "Tax Abatement Disclosures", will be implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement requires governments that enter into tax abatement agreement to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients,
- The gross dollar amount of taxes abated during the period, and
- The gross dollar amount of taxes abated during the period.

The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans", will be implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The implementation of this statement is not expected to result in any changes to the financial statements.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 79, "Certain External Investment Pools and Pool Participants", will be implemented by the City as required by GASB during fiscal year ending September 30, 2016. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investments pools and their participants include information about any limitations or restrictions on participant withdrawals. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 80, "Blending Requirements for Certain Component Unit – An Amendment of GASB Statement No. 14, will be implemented by the City as required by GASB during fiscal year ending September 30, 2017. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No 39, "Determining Whether Certain Organization are Component Units". The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements," will be implemented by the City as required by GASB during fiscal year ending September 30, 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 82, "Pension Issues", will be implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City is currently evaluation potential changes to the financial statements as a result of the implementation of this statement.

Note 2. Stewardship, Compliance and Accountability

A. Legal Compliance – Budgets

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying combined financial statements.

1) By the fifteenth day of August each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public hearings are conducted to obtain taxpayers' comments.
3) Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4) The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The legal level of budgetary control is the department level.
5) Formal budgetary integration is employed as a management control device during the year for the general fund and debt service fund. Formal budgetary integration is employed as a management control device in the capital project funds for the life of the projects.
6) Annual budgets are legally adopted for the general fund, debt service fund and proprietary funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the capital project funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

Note 2. Stewardship, Compliance and Accountability (continued)

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated general fund, debt service fund and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures and changes in fund balances – non-GAAP budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than fund balance (GAAP) in the governmental funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the general fund are provided below:

Excess of revenues and other financing sources over expenditures and other uses--budgetary basis	$	16,653
Change in fair value of investments		350
Change in encumbrances		6,689
Funds not included in general fund budget		21
Revenue recognized for GAAP basis but not budgetary basis		222
Other items budgeted on a non-GAAP basis		(4,507)
Excess of revenues and other financing sources over expenditures and other uses--GAAP basis	$	19,428

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. For the general fund, outstanding encumbrances are reported as assigned fund balances. For other governmental funds, encumbrances are reported as either restricted or committed. These balances do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received.

Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to budget of governmental funds on the budget basis of accounting.

C. Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the General Fund and includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Note 2. Stewardship, Compliance and Accountability (continued)

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance $50 to $70 thousand, depending on the type of goods or services by administrative action, pursuant to Section 2-30 of the City Code. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a general fund minimum unassigned fund balance of not less than 5 percent of the General Fund operating expenditures less debt service.

The table on the following page presents additional detail of fund balances as of September 30, 2015.

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Note 2. Stewardship, Compliance and Accountability (continued)

	General	Debt Service	Non-major Govermental Funds	Total
Fund balances				
Nonspendable				
Inventory	$ 9,679	$ -	$ -	$ 9,679
Prepaid items	215	-	4,086	4,301
Long-term note receivable	-	-	4,161	4,161
Permanent fund principal	-	-	8,872	8,872
Total nonspendable	9,894	-	17,119	27,013
Restricted for				
9 -1 -1	8,485	-	-	8,485
Debt service	-	13,809	-	13,809
Culture and recreation:				
Culture and recreation services	-	-	64,795	64,795
Library facilities	-	-	7,904	7,904
Parks and recreation facilities	-	-	32,859	32,859
Culture and arts facilities	-	-	6,090	6,090
Public safety:				
Police services	-	-	10,910	10,910
Homeland security	-	-	551	551
Fire station facilities	-	-	457	457
Police headquarters and safety facilities	-	-	14,756	14,756
Community development	-	-	5,390	5,390
Health and human services	-	-	926	926
Public-private partnerships	-	-	26,838	26,838
Municipal court technology	-	-	4,148	4,148
Public television cable system	-	-	7,565	7,565
Grants and other purposes	-	-	6,773	6,773
Storm water operations	-	-	41,840	41,840
Streets and transportation:				
Repairs	-	-	8,630	8,630
Improvements	-	-	180,632	180,632
Flood protection	-	-	81,330	81,330
Trinity River project	-	-	60,912	60,912
Capital reserve and assessments	-	-	14,540	14,540
Neighborhood projects:				
Tax increment financing	-	-	21,289	21,289
Economic development incentives	-	-	21,969	21,969
City-wide capital improvements	-	-	11,010	11,010
Farmers' Market improvements	-	-	3,644	3,644
City animal shelter facilities	-	-	318	318
Municipal court facilities	-	-	728	728
Homeless facilities	-	-	85	85
Total restricted	8,485	13,809	636,889	659,183
Committed to				
Risk reserve	1,250	-	-	1,250
Culture and recreation services	-	-	14,602	14,602
Streets and transportation maintenance	9,320	-	-	9,320
Total committed	10,570	-	14,602	25,172
Assigned to				
Code enforcement services	870	-	-	870
Communication and			-	-
information technology services	468	-	-	468
Community development services	153	-	-	153
Cultural affairs services	275	-	-	275
Fire safety services	1,249	-	-	1,249
Library services	390	-	-	390
Municipal court services	570	-	-	570
Parks and recreation services	933	-	-	933
Police safety services	3,290	-	-	3,290
Public works services	807	-	-	807
Sanitation services	470	-	-	470
Streets and transportation maintenance	13,588	-	-	13,588
General government services	6,540	-	-	6,540
Total assigned	29,603	-	-	29,603
Unassigned	141,550	-	-	141,550
Total fund balance	$ 200,102	$ 13,809	$ 668,610	$ 882,521

Note 3. Cash, Deposits and Investments

The City maintains a cash and investment pool available for use by all City funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "Pooled cash and cash equivalents." The City treats pooled investments and short-term non-pooled investments as cash equivalents. Long-term non-pooled investments are reported as "Other investments, at fair-value" in the appropriate funds. In addition, several City funds have investments, which are separately held. A fund may overdraw its account in the pool, with the overdrafts reported as liabilities (due to other funds) on the balance sheet.

In 1987, the City Council adopted the City's Investment Policy which was in compliance with federal and state law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act (Chapter 2256, Texas Government Code) and to improve management of the City's investments. The Public Funds Investment Act requires that investments shall be made in accordance with written policies approved at least annually by the governing body. Investment policies must address safety of principal, liquidity and yield, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and direct obligations of states and local governments with a credit rating no less than Aa3 or its equivalent; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than Aaa or its equivalent. The City's Investment Pool is an aggregation of the majority of City Funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, and collateralized mortgage obligations, all of which are authorized by State law.

Employees' Retirement Fund and the Dallas Police and Fire Pension Systems, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension Combined Plan (Combined Plan) and Supplemental Police and Fire Pension Plan (Supplemental Plan). A summary of pooled cash and other investments for all City funds, including blended and discretely presented component units and $8.3 million held in agency funds is presented below. Balances are presented as of September 30, 2015 or December 31, 2014, depending on the fiscal year of the entity.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Pooled cash and investments	$ 788,141	$ -	$ 788,141	$ -
Cash and cash equivalents	-	161,431	161,431	67,403
Other investments	40,536	6,657,615	6,698,151	2,963
Restricted cash and investments	1,031,659	-	1,031,659	80,504
Total	$ 1,860,336	$ 6,819,046	$ 8,679,382	$ 150,870

A summary of the carrying amount of cash on hand, deposits and investments at September 30, 2015, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Deposits	$ 160,043	$ 161,431	$ 321,474	$ 110,855
Investments	1,700,293	6,657,615	8,357,908	40,015
Total	$ 1,860,336	$ 6,819,046	$ 8,679,382	$ 150,870

Note 3. Cash, Deposits and Investments (continued)

At September 30, 2015, the City had the following investments:

Categorized Investments:	
Federal Agricultural Mortgage Corporation Notes	$ 175,758
Federal Agricultural Mortgage Corporation Notes Callable	20,019
Federal Farm Credit Bank Notes	105,247
Federal Home Loan Bank Notes	161,040
Federal Home Loan Bank Notes Callable	138,804
Federal Home Loan Mortgage Corporation Notes	207,842
Federal Home Loan Mortgage Corporation Notes Callable	150,228
Federal Home Loan Mortgage Association Notes	195,806
Federal Home Loan Mortgage Association Notes Callable	114,024
Total Categorized Investments	$ 1,268,768
Investments Not Categorized:	
BlackRock Money Muni Fund	1
BlackRock Temp Fund	412
Bank of New York - NTTA Escrow Money Market Fund	547
First American Government Obligation Money Market Fund	14,773
Fidelity Money Market Fund	58,000
LOGIC Local Government Investment Pool	10,000
AIM Government Fund	1
Wells Fargo - General Airport Revenue Bonds	121,396
Non-Expendable Trust Funds	8,872
Goldman Sachs Financial Square Tax-Free Money Market Funds	4,548
Wells Fargo Advantage Municipal Cash Mgt Money Market Funds	75
TexPool - Local Government Investment Pool	20
TexPool Prime - Local Government Investment Pool	86,000
TexStar - Money Market Mutual Funds	4,000
Western Asset Tax Free Money Market Mutual Funds	27,880
Western Asset Prime Money Market Mutual Funds	95,000
Total Investments Not Categorized	$ 431,525

At December 31, 2014, the investments held in the City's Pension Trust Funds are as follows:

Type of Investment	Total
Categorized Investments:	
Employees' Retirement Fund (at quoted market value)	
Domestic Equities	$ 980,491
U.S. and Foreign Government Securities	227,480
Domestic Corporate Fixed Income	680,829
International Equities and Fixed Income	901,068
Dallas Police and Fire Pension System:	
Investment in Group Master Trust - Combined Plan	3,365,787
Investment in Group Master Trust - Supplemental Plan	23,477
Total Categorized	$ 6,179,132
Investments Not Categorized:	
Employees' Retirement Fund	
Private Equities and Venture Capital Funds	$ 119,000
Real Estate	239,605
Commingled Index Funds	119,878
Total Not Categorized	$ 478,483
Total Investment in City's Pension Trust Funds	$ 6,657,615

Note 3. Cash, Deposits and Investments (continued)

Investments of the City, other than money market mutual funds and local government investment pools (LGIP's), are valued based upon quoted market values obtained by the City. The value of the City's position in the LGIP's is the same as the value of the pools' shares. The money market mutual funds seek to maintain a net asset value of $1.00 per unit.

The City invests in TexSTAR, TexPool, TexPool Prime and LOGIC, which are LGIP's created under the Interlocal Cooperation Act, Texas Government Code Chapter 791 and the Public Funds Investment Act, Texas Government Code Chapter 2256. These two acts provide for the creation of LGIP's and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. The LGIP's follow all requirements of the Public Funds Investment Act, including being rated by a nationally recognized rating agency, and seek to maintain a net asset value of $1.00 per unit.

J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for the TexSTAR & LOGIC programs under agreements with each pool's respective board of directors. The TexSTAR governing board is a five-member Board consisting of three representatives of employees, officers or elected officials of participating government entities and one member designated by each of the co-administrators. In addition, TexSTAR has an Advisory Board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool. The governing body of LOGIC is a five-member board of directors comprised of employees, officers or elected officials of participating government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise the pool. A maximum of two advisory board members represent the co-administrators of LOGIC.

The Comptroller of Public Accounts for the State of Texas is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool and TexPool Prime. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the State Comptroller, acting on behalf of the Trust Company. In addition, TexPool has an Advisory Board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

At year end, the following deposits and bank balance were covered by federal depository insurance or by collateral held by the City's third-party agents pledged in the City's name which is category 1 as defined in the Codification of Governmental Accounting Standards Section C20. "Cash Deposits with Financial Institutions." The fair value of these deposits approximates their costs.

The collateral pledged to the City is held in a joint safekeeping account at the Federal Reserve Bank.

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	$ 160,043	$ 173,183
Cash and cash equivalents - Pension Trust Funds	161,431	161,431
Total	$ 321,474	$ 334,614

Investment in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2014. The book value of the System interests in the Group Trusts is based on the unitized interests that it has in the Group Trust. The Combined Plan's interest in the Group Trust was approximately 99.30% at December 31, 2014. The Supplemental Plan's interest in the Group Trust was approximately 0.70% at December 31, 2014. The allocation of investment income between the Combined Plan and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions and administrative expenses are allocated to each plan directly.

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Note 3. Cash, Deposits and Investments (continued)

Investments in Group Master Trust:

The following summarizes the book value of the System's investments for the Group Trust as of December 31, 2014.

Short-term investments		
Short-term investment funds	$	36,240
Fixed income securities		
US Treasury bonds		21,339
US government agencies		5,592
Corporate bonds		198,110
Foreign-denominated bonds		65,815
Commingled funds		182,928
Equity securities		
Domestic		453,272
Foreign		249,795
Real assets		
Real estate		771,927
Infrastructure		185,839
Timberland		136,895
Farmland		133,712
Private equity		549,040
Alternative investments		398,769
Forward currency contracts		(9)
Net position in the Group Trust	$	3,389,264

Deposit and Investment Risk Disclosures

GASB Statement No. 40, "Deposit and Investment Risk Disclosures," requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's pension plans do not have policies for custodial credit risk. As of September 30, 2015, $ 22.9 million was fully collateralized by U.S. Federal Agency securities, $150.0 million was fully collateralized by letter of credit issued to the City by Federal Home Loan Bank, and $250 thousand was insured by the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Federal Reserve Bank. The FDIC insures demand accounts up to $250 thousand in the aggregate. At September 30, 2015, all deposits were either insured or collateralized.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	$ 173.2 million

Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2015, the City's investments held by the counterparty, and not insured, are as follows:

Security Type		Fair Value
U.S. Agency Securities	$	1,268,768

Note 3. Cash, Deposits and Investments (continued)

The Dallas Police and Fire Pension System security investments that were not subject to custodial credit risk were the investments in fixed income and equity investments. The Employees' Retirement Fund had $1.5 million, or .04% of the total Plan investments of $3.3 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	$ 1.5 million

Concentration of Credit Risk

Investments that individually represent 5% or more of net portfolio assets are stated below. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded.

Agency Securities by Issuer	Fair Value	% of Total Portfolio
Federal Agricultural Mortgage Corporation (FAMC)	$ 195,777	15.43%
Federal National Mortgage Association (FNMA)	309,830	24.42%
Federal Home Loan Mortgage Corporation (FHLMC)	358,070	28.22%
Federal Home Loan Bank (FHLB)	299,844	23.63%
Federal Farm Credit Bank (FFCB)	105,247	8.30%
Total Agency Securities	$ 1,268,768	100.00%

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5% or more of the net position available for benefits at December 31, 2014. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money market mutual funds and local government investment pools in the City's portfolio are rated AAAm by Standard & Poor's and/or Aaa by Moody's. U.S. Treasury Notes and Bills are obligations of the U.S. government and are not considered to have credit risk and thus are not rated (NR). Long-term bond ratings are used for the U.S. Government Agencies. Ratings for the City's portfolio are listed on the following table.

Security Type	Fair Value	% of Total Portfolio	S&P/Moody's Ratings
Money Market Mutual Funds and Pools	$ 431,525	25.38%	AAAm/Aaa
U.S. Agency Securities	1,268,768	74.62%	AA+/Aaa
Total Portfolio	$ 1,700,293	100.00%	

The Employees' Retirement Fund Investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 15 percent of fixed income assets in investment grade assets and up to 15 percent of fixed income assets in below investment grade assets. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2014 are shown on the following page.

Note 3. Cash, Deposits and Investments (continued)

Quality Rating	Fair Value	% of Bond Portfolio
AAA	$ 103,748	11.42%
AA+	14,514	1.60%
AA	5,423	0.60%
AA-	8,015	0.88%
A+	2,709	0.30%
A	20,312	2.24%
A-	26,057	2.87%
BBB+	21,666	2.39%
BBB+	23,170	2.55%
BBB-	20,075	2.21%
BB+	38,996	4.29%
BB	54,366	5.98%
BB-	80,741	8.89%
B+	90,990	10.02%
B	68,379	7.53%
B-	65,975	7.26%
CCC+	42,948	4.73%
CCC	8,142	0.90%
CCC-	3,091	0.34%
CC	205	0.02%
DDD	435	0.05%
D	1,666	0.18%
Not Rated	85,433	9.40%
U.S. Government fixed income securities - NR	121,253	13.35%
Total	$ 908,309	100.00%

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Note 3. Cash, Deposits and Investments (continued)

Credit Risk (continued)

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2014 is as follows:

Quality Rating	Corporate Bonds	U.S. Government Treasury Securities	U.S. Government Agencies	Foreign Government Securities	Grand Total Book Value	Percentage of Holdings
AAA	$ 7,873	$ -	$ -	$ 8,152	$ 16,025	5.51%
AA+	3,857	-	-	16,437	20,294	6.98%
AA	1,201	-	-	-	1,201	0.41%
AA-	3,480	-	-	3,463	6,943	2.39%
A+	2,737	-	-	2,648	5,385	1.85%
A	4,381	-	-	3,218	7,599	2.61%
A-	3,683	-	-	13,992	17,675	6.08%
BBB+	2,405	-	-	-	2,405	0.83%
BBB	3,628	-	-	10,089	13,717	4.72%
BBB-	3,736	-	-	2,465	6,201	2.13%
BB+	7,126	-	-	-	7,126	2.45%
BB	12,776	-	-	1,309	14,085	4.84%
BB-	21,042	-	-	-	21,042	7.23%
B+	28,585	-	-	61	28,646	9.85%
B	13,388	-	-	-	13,388	4.60%
B-	6,723	-	-	332	7,055	2.43%
Below CCC	58,114	-	-	674	58,788	20.21%
NA	13,375	21,339	5,592	2,975	43,281	14.88%
Subtotal	$ 198,110	$ 21,339	$ 5,592	$ 65,815	$ 290,856	100.00%
Total credit risk debt securities					$ 290,856	8.58%
Other investments					3,098,408	91.42%
Total investments					$ 3,389,264	100.00%

Interest Rate Risk

In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The weighted average maturities of the City's investments at September 30, 2015 are as follows:

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds and Pools	$ 431,525	1
U.S. Agency Securities	1,268,768	604
Total Portfolio	$ 1,700,293	451

Note 3. Cash, Deposits and Investments (continued)

In the Employees' Retirement Fund, Government Mortgage Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 11% of the total fixed income portfolio with a fair market value of $103,310 at December 31, 2014. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

As of December 31, 2014, the Employees' Retirement Fund weighted-average maturities of the fixed income securities are as follows:

Fixed Income Securities	Fair Value	Weighted Average Maturity (Years)
Asset Backed	$ 23,657	7.04
Bank Loans	21,610	4.84
Commercial Mortgage-Backed	25,882	29.14
Corporate Bonds	579,660	7.78
Government Agencies	17,045	2.50
Government Bonds	96,333	9.37
Government Mortgage-Backed Securities	103,310	19.78
Government Issued Commercial Mortgage-Backed Securities	1,623	5.57
Index Lined Government Bonds	7,279	8.00
Municipal/Provincial Bonds	19,211	16.95
Non-Government Backed C.M.O.s	12,699	21.02
Total	$ 908,309	
Portfolio weighted average maturity in years:		10.11

As of December 31, 2014, the Dallas Police and Fire Pension Plans had the following investments and maturities:

		Investment Maturity in Years			
Investment Type	Book Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Securities	$ 21,339	$ 917	$ 9,976	$ 6,200	$ 4,246
U.S. Gov't Agency Securities	5,592	-	-	-	5,592
Corporate Bonds	198,110	4,032	63,322	83,341	47,415
Foreign-denominated bonds	65,815	4,708	22,213	17,922	20,972
Total	$ 290,856	$ 9,657	$ 95,511	$ 107,463	$ 78,225

While the Plans do not have a specific investment policy to limit investment maturities as a means of managing their exposure to interest rate risk, the Plans do manage this exposure by mandating maturity limits within the Investment Management Service Contracts.

Note 3. Cash, Deposits and Investments (continued)

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 15% of assets to international equity, 5% of the assets to global equity and 10% to global low volatility equity. The fixed income policy permits up to 12.5% of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 27.56% of invested assets at December 31, 2014. The Fund's positions in such fixed income assets invested directly were 6.96% of invested assets at December 31, 2014. Employees' Retirement fund non-US Dollar denominated investments at December 31, 2014 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	$ 6,435
Australian Dollars	Fixed Income	4,252
Brazilian Real	Equity	7,965
Brazilian Real	Fixed Income	3,371
British Pound Sterling	Equity	74,406
Canadian Dollars	Equity	43,258
Danish Krone	Equity	4,561
Euro	Equity	91,924
Euro	Fixed Income	3,773
Hong Kong Dollars	Equity	36,432
Hungarian Forint	Equity	181
Indonesian Rupiahs	Equity	4,005
Israeli Shekel	Equity	1,306
Japanese Yen	Equity	100,863
South Korean Won	Equity	18,574
Malaysian Ringgit	Equity	6,437
Mexican New Peso	Equity	3,578
Mexican New Peso	Fixed Income	4,429
New Zealand Dollar	Equity	76
Norwegian Krone	Equity	19,888
Phillipino Peso	Equity	434
Polish Zlotych	Equity	3,604
Singaporean Dollars	Equity	3,583
South African Rand	Equity	7,073
Swedish Krona	Equity	13,172
Swiss Francs	Equity	25,813
Thai Baht	Equity	6,218
Turkish Lira	Equity	4,012
Total non-US denominated instruments		$ 499,623

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Note 3. Cash, Deposits and Investments (continued)

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2014 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Austrailan Dollar	Government Bonds	$ 5,048
Brazilian Real	Government Bonds	2,935
British Pound Sterling	Government Bonds	7,987
Canadian Dollars	Government Bonds	1,111
Euro	Government Bonds	9,704
Hungarian Forint	Government Bonds	1,309
Indonesian Rupiahs	Government Bonds	2,464
Japanese Yen	Government Bonds	3,146
Malaysian Ringgit	Government Bonds	572
Mexican New Peso	Government Bonds	13,475
New Zealand Dollar	Government Bonds	5,212
Polish New Zlotych	Government Bonds	2,647
South African Rand	Government Bonds	2,844
South Korean Won	Government Bonds	2,219
Swedish Krona	Government Bonds	5,142
Total International Bonds		$ 65,815

Securities Lending Transactions

The respective boards of the Employees' Retirement Fund and Dallas Police and the Dallas Fire Pension System have authorized the Plans to enter into agreements for the lending of certain of the Plans' securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2014, Northern Trust ("Northern") lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities, agency securities, and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Northern Trust's Core USA Collateral Section establishes requirements for participation, collateralization levels, cash and non-cash collateral guidelines, and investment guidelines for the collateral received from borrowers. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities, the collateral for which is all denominated in the same currency as the loaned securities, 102% of the fair value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities, the collateral for which is denominated in a different currency from the loaned securities, 105% of the fair value of the loaned securities plus any accrued but unpaid distributions thereon. Additionally, the guidelines set maturity/liquidity requirements for the collateral received from borrowers. At year-end, the Plan had no credit risk exposure to borrowers because the amounts of collateral held by the Plan exceed the amounts the borrowers owe the Plan. The collateral held for the Plan as of December 31, 2014 was $ 321 million.

Note 3. Cash, Deposits and Investments (continued)

During the fiscal year ended December 31, 2014, JP Morgan Chase ("JP Morgan") lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was in the United States or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105% of the fair value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts of collateral held by the System exceed the amounts the borrowers owe the System. The collateral held for the System as of December 31, 2014 was $147.5 million.

The Boards did not impose any restrictions during the fiscal year on the amount of the loans that Northern and JP Morgan made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Northern and JP Morgan. Northern is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities.

During the fiscal year, the Boards and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by Northern and JP Morgan. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Boards could not determine.

Note 4. Receivables

Receivables at September 30, 2015 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor	Internal Service Funds	Total Governmental Activities
Receivables:					
Ad valorem tax	$ 27,383	$ 11,940	$ -	$ -	$ 39,323
Sales tax	46,661	-	-	-	46,661
Notes	105	-	62,691	-	62,796
Special Assessments - paving notes	-	-	5,583	-	5,583
Accounts	95,007	-	21,777	173	116,957
Accrued interest	220	16	933	54	1,223
Due from other governments	86	-	24,434	-	24,520
Gross receivables	169,462	11,956	115,418	227	297,063
Less allowance for doubtful accounts	(52,398)	(10,245)	(40,601)	-	(103,244)
Net total receivables	$ 117,064	$ 1,711	$ 74,817	$ 227	$ 193,819

Note 4. Receivables (continued)

Receivables at September 30, 2015 for the primary government's individual major and nonmajor enterprise funds in the aggregate including the applicable allowances for uncollectible accounts, consist of the following:

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise	Total Business-type Activities
Receivables:					
Accounts	$ 81,236	$ 3,407	$ 8,275	$ 614	$ 93,532
Taxes	-	7,849	-	-	7,849
Accrued interest	581	92	197	57	927
Due from other governments	-	-	8,918	-	8,918
Gross receivables	81,817	11,348	17,390	671	111,226
Less allowance for doubtful accounts	(9,395)	(635)	(2)	(14)	(10,046)
Net total receivables	$ 72,422	$ 10,713	$ 17,388	$ 657	$ 101,180

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2015, the various components of deferred inflows – unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Total Governmental Unearned	Deferred Inflows Unavailable Revenue
Taxes	$ -	$ 4,512
Accounts	7,622	27,754
Intergovernmental	47,568	36,686
Total	$ 55,190	$ 68,952

Note 5. Restricted Assets

The primary government's governmental and business-type restricted assets of $572 million and $593 million, respectively, are composed of the following at September 30, 2015:

	Governmental Activities	Business-Type Activities
Cash and Investments:		
Pooled Cash and Cash Equivalents	$ 572,225	$ 328,701
Other Investments	-	130,733
Future pipeline reserve capacity rights	-	132,931
Customer Assessments	-	656
Total	$ 572,225	$ 593,021

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond and other proceeds for construction, retention guarantees from contractors, and future pipeline reserve capacity rights (see Note 10.R for additional information).

Note 6. Joint Ventures

Dallas/Fort Worth International Airport (DFW)

DFW Airport is owned jointly by the cities of Dallas and Fort Worth and operated by a 12-member board comprised of seven members from Dallas and four members from Fort Worth appointed by the respective City Councils. One additional non-voting member is appointed from the neighboring cities of Irving, Grapevine, Euless, and Coppell on a rotating basis.

Joint Revenue Bonds were previously issued to construct DFW Airport. Additional bonds have been issued for the purpose of improving, constructing, replacing, or otherwise extending DFW. Revenues derived from the ownership and operations of the Airport are pledged to meet debt service requirements of the bonds issued pursuant to the Controlling Ordinances. The Controlling Ordinances require DFW to annually adopt a schedule of charges that is: (1) reasonably estimated to produce gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.25 times accrued aggregate debt service and (2) reasonably estimated to at least produce current gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.00 times accrued aggregate debt service.

The outstanding debt and related debt service are accounted for by the DFW Airport Board. The Joint Revenue Bonds outstanding at September 30, 2015 were $6.6 billion which is net of unamortized discount/premium.

The summary financial information for DFW Airport as of September 30, 2015 is presented below and is not included in the City's financial statements.

Total assets and deferred outflows of resources	$	7,480,179
Less: Total liabilities		(7,104,758)
Total net position	$	375,421
Operating revenues	$	679,240
Non-operating revenues (expenses)		(98,095)
Less: Operating expenses		(702,140)
Plus: Capital contributions		13,773
Less: Special item		(41,761)
Change in net position		(148,983)
Net position, beginning of year as previously stated		700,952
Restatement - Change in accounting principle		(176,548)
Net position, beginning of year		524,404
Net position, end of year	$	375,421

The Board has entered into agreements with air carriers and other parties utilizing DFW Airport to provide for adjustments to rentals, fees and other charges which management believes precludes the need for a maintenance tax. To date, the cities have levied no maintenance tax. To obtain the financial statements of the joint venture, contact the finance department of DFW Airport at (972) 973-5443.

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Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

	Balance, Beginning of Year	Additions	Transfers and Retirements	Balance, End of Year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 485,434	$ 9,327	$ (951)	$ 493,810
Artwork	49,351	109	-	49,460
Construction in progress	280,411	170,417	(198,496)	252,332
Total capital assets, not being depreciated	815,196	179,853	(199,447)	795,602
Capital assets, being depreciated:				
Buildings	1,253,114	47,710	-	1,300,824
Improvements other than buildings	663,445	10,462	(83)	673,824
Equipment	626,929	40,278	(12,593)	654,614
Infrastructure assets	2,197,585	178,350	(79)	2,375,856
Total capital assets, being depreciated:	4,741,073	276,800	(12,755)	5,005,118
Less accumulated depreciation for:				
Buildings	(474,876)	(25,139)	-	(500,015)
Improvements other than buildings	(172,094)	(17,430)	71	(189,453)
Equipment	(465,434)	(36,197)	12,522	(489,109)
Infrastructure assets	(848,043)	(38,788)	66	(886,765)
Total accumulated depreciation	(1,960,447)	(117,554)	12,659	(2,065,342)
Total capital assets being depreciated, net	2,780,626	159,246	(96)	2,939,776
Governmental activities capital assets, net	$ 3,595,822	$ 339,099	$ (199,543)	$ 3,735,378

Depreciation expense charged to functions:

General government	$ 16,998
Public safety	11,848
Streets, street lighting, sanitation and code enforcement	4,949
Environment and health services	294
Public works and transportation	46,528
Equipment and building services	14,779
Culture and recreation	21,804
Housing	307
Human Services	47
Total depreciation expense - governmental activities	$ 117,554
(includes $4,163 of depreciation expense for the Internal Service Funds)	

Note 7. Capital Assets (continued)

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 227,717	$ 33,924	$ (147)	$ 261,494
Artwork	2,276	1,068	-	3,344
Construction in progress	628,270	354,766	(286,665)	696,371
Total capital assets, not being depreciated	858,263	389,758	(286,812)	961,209
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,747,077	64,128	-	1,811,205
Improvements other than buildings	414,437	43,069	-	457,506
Equipment	651,563	16,028	(997)	666,594
Infrastructure assets	590,494	6,456	-	596,950
Utililty property	3,514,581	175,557	(2,170)	3,687,968
Total capital assets, being depreciated:	7,272,062	305,238	(3,167)	7,574,133
Less accumulated depreciation for:				
Water rights	(109,264)	(3,539)	-	(112,803)
Buildings	(528,918)	(39,584)	-	(568,502)
Improvements other than buildings	(91,919)	(12,918)	-	(104,837)
Equipment	(431,411)	(24,728)	998	(455,141)
Infrastructure assets	(230,778)	(15,350)	-	(246,128)
Utility property	(930,485)	(62,282)	1,911	(990,856)
Total accumulated depreciation	(2,322,775)	(158,401)	2,909	(2,478,267)
Total capital assets being depreciated, net	4,949,287	146,837	(258)	5,095,866
Business-type activities capital assets, net	$ 5,807,550	$ 536,595	$ (287,070)	$ 6,057,075

Depreciation expense charged to business-type activities:

Dallas Water Utillities	$ 113,036
Convention Center	18,258
Airport Revenues	26,954
Nonmajor Enterprise Funds	153
Total depreciation expense - business-type activities	$ 158,401

Note 8. Interfund Receivables, Payables and Transfers

Due To Other Funds/From Other Funds

A portion of the interfund payable due from nonmajor governmental funds to the general fund was a result of a bank overdraft from other fund's share of pooled cash.

Interfund receivable and payable balances at September 30, 2015 were as follows:

		Payable Fund	
Receivable Fund	Amount	General	Nonmajor Governmental
General	$ 4,678	$ -	$ 4,678
Dallas Water Utilities	268	268	-
Nonmajor Governmental	256	-	256
Internal Service	488	-	488
Total	$ 5,690	$ 268	$ 5,422

Note 8. Interfund Receivables, Payables and Transfers (continued)

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2015 were as follows:

	Note Payable
	Nonmajor
Note receivable	Governmental
Nonmajor governmental	$ 4,161
Dallas Water Utilities	6,385
Total	$ 10,546

These balances relate to long-term borrowings to finance various capital acquisitions and equipment purchases.

Transfers In/Out

Transfers made between funds during the fiscal year are listed below:

		Transfers Out						
Transfers In	Amount Transferred	General	Nonmajor Governmental	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Internal Service
General	$ 12,125	$ -	$ -	$ 11,125	$ -	$ -	$ -	$ 1,000
Debt Service	11,907	4,530	2,875	211	1,493	229	228	2,341
Nonmajor Governmental	17,021	100	6,321	10,600	-	-	-	-
Dallas Water Utilities	766	-	581	-	-	-	-	-
Internal Service Fund	950	-	950	-	-	-	-	-
Total	$ 42,769	$ 4,630	$ 10,727	$ 21,936	$ 1,493	$ 229	$ 228	$ 3,341

These transfers were primarily for support of operation and maintenance, construction projects, equipment purchases, and to service the debt associated with the respective funds. Transfers were also made from Dallas Water Utilities fund for payments-in-lieu-of-taxes (PILOT), which are recorded as transfers rather than operation and maintenance expenses due to the nonreciprocal nature of the transactions. Under the terms of the bond ordinance, PILOT and other similar payments are not considered operation and maintenance of the Water Utilities Fund; therefore, they are not included in the debt coverage calculation. Transfers were made from the internal service and nonmajor governmental funds to the general fund for payments related to lease agreements. Transfers in and out do not equal on the fund financial statements, due to $185 thousand in capital assets transferred from governmental funds to Dallas Water Utilities.

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Note 9. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2015 are as follows:

	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	$ 28,783	$ 180	$ 129	$ 29,092
Accounts payable	37,955	9,811	10,937	58,703
Due to other governments	3,374	2,126	-	5,500
Contracts payable	-	12,653	-	12,653
Other	3,930	2,694	2,591	9,215
Construction accounts payable	-	41,114	-	41,114
Total	$ 74,042	$ 68,578	$ 13,657	$ 156,277

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor	Total Business-type Activities
Accrued payroll	$ 351	$ 22	$ 45	$ 74	$ 492
Accounts payable	18,706	5,178	16,633	230	40,747
Due to other governments	-	3	-	-	3
Other	-	-	-	1,040	1,040
Construction accounts payable	62,247	527	16,706	-	79,480
Total	$ 81,304	$ 5,730	$ 33,384	$ 1,344	$ 121,762

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Note 10. Long-Term Debt

A. Governmental Activities

The changes in the governmental activities long-term liabilities for the year ended September 30, 2015 are as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds					
Refunding Bonds Series 2005	$ 37,090	$ -	$ 37,090	$ -	$ -
Series 2006	11,675	-	11,675	-	-
Series 2007	71,915	-	58,835	13,080	6,540
Refunding Series 2007A	173,465	-	106,080	67,385	18,355
Series 2008	132,500	-	99,365	33,135	11,045
Refunding Series 2010A	168,925	-	8,250	160,675	8,535
Building America Bonds Series 2010B	85,380	-	-	85,380	-
Refunding Bonds Series 2010C	124,130	-	18,810	105,320	18,945
Refunding Bonds Series 2012	203,840		3,510	200,330	15,255
Refunding Bonds Series 2013A	184,230	-	10,240	173,990	10,235
Refunding Bonds Series 2013B	42,615	-	300	42,315	1,120
Refunding Bonds Series 2014	-	529,365	4,620	524,745	18,980
Equipment Acquisition Obligations					
Series 2005	480	-	480	-	-
Series 2010	4,205	-	4,205	-	-
Tax and Revenue Certificates					
Series 2005	750	-	750	-	-
Series 2007	1,830	-	610	1,220	610
Series 2008A	2,400	-	600	1,800	600
Series 2010	1,075	-	215	860	215
Series 2012	18,195	-	1,985	16,210	2,035
Pension Obligation Bonds					
Taxable Series 2005A	88,777	-	-	88,777	-
Series 2005B	65,397	-	6,452	58,945	6,014
Taxable Refunding Bonds Series 2010	56,873	-	-	56,873	-
Total Bonds, Obligations, and Certificates	1,475,747	529,365	374,072	1,631,040	118,484
Add: Unamortized Premium/Discount	176,752	95,392	29,567	242,577	-
Add: Accretion	101,838	16,067	10,662	107,243	-
Total Bonds, Obligations, and Certificates	1,754,337	640,824	414,301	1,980,860	118,484
Other Liabilities:					
Commercial paper notes payable	26,475	27,880	26,475	27,880	-
Compensated absences	121,451	56,293	54,692	123,052	54,424
Other postemployment benefits	193,827	22,414	12,283	203,958	-
Landfill closure/post closure	34,574	1,398	222	35,750	248
Pollution remediation	5,449	1,232	2,821	3,860	969
Developer payable	56,057	36,980	24,486	68,551	12,372
Estimated unpaid claims	62,341	83,261	84,544	61,058	17,759
Notes payable	32,402	12,791	985	44,208	598
Net pension liability	5,015,392	1,407,424	986,817	5,435,999	-
Sales tax refund liability	10,901	-	1,344	9,557	1,398
Capital leases	26,991	34,578	9,081	52,488	12,496
Total other liabilities	5,585,860	1,684,251	1,203,750	6,066,361	100,264
Total governmental long-term debt	$ 7,340,197	$ 2,325,075	$ 1,618,051	$ 8,047,221	$ 218,748

Note 10. Long-Term Debt (continued)

The liabilities for the arbitrage rebate and commercial paper notes will be fully liquidated by the Debt Service Fund. The liabilities for the compensated absences, net pension liability and other postemployment benefits will be liquidated by General Fund, Community Development Fund, Health and Human Services Fund, Library Fund, Police Fund, Recreation Fund, Management Improvement Fund, Storm Water Operations Fund, Municipal Fund, General Citizen Fund, Equipment Services Fund, Communication Equipment Services Fund, Office Services Fund, Information Systems Fund, and the Risk Fund. The liabilities for the landfill closure/post closure and pollution remediation will be fully liquidated by the General Fund. The liability for the developer payable will be liquidated by the Neighborhood Projects Fund. The entire estimated unpaid claims liability is reported in the Risk Fund and will be liquidated by that fund. The liabilities for the notes payable, sales tax refund, and capital leases will be liquidated by the General Fund.

B. Governmental General Obligation Bonds (GO Bonds)

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City.

In December 2014, the City issued general obligation refunding and improvement bonds, Series 2014, of $529.4 million with a stated interest rate range of 4.0% to 5.0% and a final maturity of February 15, 2034. The bonds were issued to refund certain outstanding bonds of the City, refund outstanding commercial paper, finance certain public improvements, and pay the cost of issuance of the bonds. Proceeds of $271.4 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $245.2 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $22.2 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statements as . deferred outflows of resources, is being amortized to interest expense over the life of the new bonds. Total debt service payments decreased by $22.4 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $21.1 million.

The General Obligation Bonds outstanding as of September 30, 2015 are as follows:

	Final	Interest Rates	Amount
Series 614	2027	5.0% to 5.25%	$ 13,080
Series 615	2027	4.0% to 5.0%	67,385
Series 620	2028	4.0% to 5.25%	33,135
Series 627	2020	3.0% to 5.0%	160,675
Series 628	2030	4.39% to 5.61%	85,380
Series 631	2023	3.0% to 5.0%	105,320
Series 637	2026	2.0% to 5.0%	200,330
Series 638	2032	0.76% to 5.0%	216,305
Series 1692	2034	4.0% to 5.0%	524,745
Total			$ 1,406,355

The Certificates of Obligation outstanding as of September 30, 2015 are as follows:

	Final	Interest Rates	Amount
Series 617	2017	3.50% to 4.00%	$ 1,220
Series 622	2018	3.50% to 5.00%	1,800
Series 629	2019	2.00% to 4.00%	860
Series 635	2022	2.00% to 5.00%	16,210
Total			$ 20,090

Note 10. Long-Term Debt (continued)

The Pension Obligation Bonds outstanding as of September 30, 2015 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	$ 88,777
Series 601	2035	4.10% to 5.48%	58,945
Series 632	2024	0.295% to 4.66%	56,873
Total			$ 204,595

C. Long-term Notes Payable

In fiscal year 2015 and previous fiscal years, the City issued notes for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. These notes are payable in quarterly installments. In addition, the City recorded four U.S. Department of Housing and Urban Development Section 108 HUD notes. The total outstanding notes payable as of September 30, 2015 are as follows:

	Final Maturity	Payments Due	Interest Rates	Amount
Suntrust	2018	Quarterly	1.89%	$ 1,867
State Energy Conservation Office	N/A	N/A	N/A	3,499
Section 108 B-09-MC-48-0009	2021	Semi-Annually	Variable	7,600
Section 108 B-09-MC-48-0009-A	2032	Quarterly	Variable	11,750
Section 108 B-09-MC-48-0009-B	2022	Quarterly	Variable	8,492
Section 108 B-12-MC-48-0009-B	2027	Semi-Annually	2.75%	11,000
Total				$ 44,208

D. General Obligation Commercial Paper Notes

The commercial paper notes are supported by two credit agreements through two banks. The credit agreement supporting Series A notes is through JP Morgan Chase, and extends through December 2, 2016. The Series A has an aggregate available principal amount not to exceed approximately $214.8 million, which includes $200 million of principal together with approximately $14.8 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10% per annum. The credit agreement supporting Series C notes, through Wells Fargo Bank extends to December 2, 2016. The Series C has an aggregate available principal amount not to exceed approximately $161.1 million, which includes $150 million of principal together with $11.1 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10% per annum. The two commercial paper programs constitute an obligation subordinate to the City's general obligation bonds. Any advances for payments of commercial paper under the line of credit are secured by proceeds of the applicable portion of the tax levy as set forth in the Credit Agreements. During fiscal year 2015, $27.9 million was issued. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

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Note 10. Long-Term Debt (continued)

E. Governmental Debt Service Requirements

The following is a summary of the future debt service principal and interest payment requirements for the City's General Obligation, Equipment Acquisition Obligations, Tax Increment Bonds, Pension Obligation Bonds and Contractual Obligations at September 30, 2015.

Fiscal Year	Principal	Interest	Total
2016	$ 118,484	$ 84,699	$ 203,183
2017	129,376	79,740	209,116
2018	126,408	74,458	200,866
2019	124,451	69,947	194,398
2020	114,263	65,408	179,671
2021-2025	609,536	188,599	798,135
2026-2030	289,083	198,612	487,695
2031-2035	119,439	184,162	303,601
Total	$ 1,631,040	$ 945,625	$ 2,576,665

The following is a summary of the future principal and interest payment requirements for the City's long-term notes payable at September 30, 2015.

Fiscal Year	Principal	Interest	Total
2016	$ 598	$ 609	$ 1,207
2017	2,604	586	3,190
2018	2,643	525	3,168
2019	2,010	472	2,482
2020	9,258	431	9,689
2021-2025	14,460	1,470	15,930
2026-2030	10,829	463	11,292
2031-2032	1,806	10	1,816
Total	$ 44,208	$ 4,566	$ 48,774

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Note 10. Long-Term Debt (continued)

F. Business-type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2015 are as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance	Due Within One Year
Dallas Water Utilities					
City of Dallas Waterworks and Sewer System					
Series 2006	$ 81,260	$ -	$ 61,550	$ 19,710	$ 8,265
Series 2007	573,405	-	259,325	314,080	43,740
Series 2008	140,760	-	107,470	33,290	3,290
Series 2009A	11,805	-	680	11,125	690
Series 2009B	7,835	-	450	7,385	460
Series 2009C	84,513	-	5,110	79,403	5,120
Series 2010	263,740	-	48,725	215,015	6,560
Series 2011	234,985	-	10,490	224,495	10,950
Series 2012	360,695	-	11,655	349,040	12,095
Series 2013	156,540	-	2,565	153,975	2,655
Series 2015	-	604,260	-	604,260	2,850
Total Revenue Bonds Payable	1,915,538	604,260	508,020	2,011,778	96,675
Add: Unamortized Premium	88,234	69,063	22,274	135,023	-
Total Revenue Bonds of Water Utilities	2,003,772	673,323	530,294	2,146,801	96,675
Pension Obligation Bonds	53,065	-	1,622	51,443	1,512
Add: Net premium/discount	22,933	-	666	22,267	-
Add: Accretion	25,603	4,038	2,680	26,961	-
Total Water Utilities Bonds	2,105,373	677,361	535,262	2,247,472	98,187
Other liabilities:					
Commercial paper notes payable	122,840	313,068	345,450	90,458	-
Compensated absences payable	11,325	5,815	5,779	11,361	4,919
Other postemployment benefits	26,319	2,747	1,563	27,503	-
Net pension liability	55,828	176,119	110,666	121,281	-
Water transmission facilities financing agreement	328,115	-	5,892	322,223	5,583
Total other liabilities	544,427	497,749	469,350	572,826	10,502
Total long-term debt for Dallas Water Utilities	2,649,800	1,175,110	1,004,612	2,820,298	108,689
Convention Center					
Revenue Bonds					
Civic Center Refunding and Improvement	313,715	-	4,640	309,075	5,740
Add: Net premium/discount	(595)	-	(576)	(1,171)	-
Total Convention Center Revenue Bonds	313,120	-	4,064	307,904	5,740
Pension Obligation Bonds	3,775	-	116	3,659	108
Add: net premium/discount	1,636	-	47	1,589	-
Add: Accretion	1,827	288	191	1,924	-
Total Convention Center Bonds	320,358	288	4,418	315,076	5,848
Other liabilities:					
Compensated absences	732	382	436	678	294
Note payable	3,925	-	1,944	1,981	1,981
Pollution remediation	59	-	-	59	59
Other postemployment benefits	1,366	237	86	1,517	-
Net pension liability	3,259	10,281	6,460	7,080	-
Total other liabilities	9,341	10,900	8,926	11,315	2,334
Total long-term debt for Convention Center	$ 329,699	$ 11,188	$ 13,344	$ 326,391	$ 8,182

continued

Note 10. Long-Term Debt (continued)

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance	Due Within One Year
Airport Revenues					
General Airport Revenue Bonds	$ -	$ 109,235	$ -	$ 109,235	$ -
Add: Net Premium/Discount	-	13,637	319	13,318	-
Pension Obligation Bonds	4,972	-	152	4,820	142
Add: Net Premium/Discount	2,149	-	62	2,087	-
Add: Accretion	2,399	379	251	2,527	-
Total Airport Bonds	9,520	123,251	784	131,987	142
Other Liabilities:					
Compensated absences	1,423	708	729	1,402	607
Note payable	783	-	256	527	261
Pollution remediation	370	48	-	418	98
Capital leases payable	-	30,439	324	30,115	402
Obligation for Revenue Credit Agreement	446,095	-	-	446,095	6,990
Revenue credit agreement					
Net premium/discount	(3,786)	-	277	(4,063)	-
Other postemployment benefits	3,470	560	217	3,813	-
Net pension liability	6,753	21,304	13,387	14,670	-
Total other liabilities	455,108	53,059	15,190	492,977	8,358
Total long-term debt for Airport Revenues	464,628	176,310	15,974	624,964	8,500
Non-Major Business-Type					
Pension Obligation Bonds	9,668	-	295	9,373	275
Add: Net premium/discount	4,178	-	121	4,057	-
Add: Accretion	4,663	735	488	4,910	-
Total Non-Major Business-Type Bonds	18,509	735	904	18,340	275
Other liabilities:					
Compensated absences	2,221	1,321	1,152	2,390	1,035
Other postemployment benefits	4,504	507	269	4,742	-
Net pension liability	10,395	32,792	20,605	22,582	-
Total other liabilities	17,120	34,620	22,026	29,714	1,035
Total long-term debt for Non-Major Business-type Funds	35,629	35,355	22,930	48,054	1,310
Total Business-Type Activities - Long-Term Liabilities	$ 3,479,756	$ 1,391,918	$ 1,050,815	$ 3,819,707	$ 126,681

G. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds

In March 2015, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2015 of $604.3 million with an interest rate range of 1.00 to 5.00 percent and a final maturity of October 1, 2044. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of $454.6 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. As a result, $413.4 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of $32 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statement as deferred outflows of resources, is being amortized to interest expense over the life of the old bonds. Total debt service payments decreased by $29 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $25.7 million.

Note 10. Long-Term Debt (continued)

The Waterworks and Sewer System debt service fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the debt service fund to meet annual principal and interest obligations. Pension Obligation bonds are paid through increased contributions to the debt service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2015 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
610 Rev Bonds	2018	4.25% - 5.50%	$ 19,710
613 Rev Bonds	2037	4.00% - 5.00%	314,080
619 Rev Bonds	2038	4.00% - 5.00%	33,290
624 Rev Bonds	2029	0.423% - 2.877%	11,125
625 Rev Bonds	2029	1.303% - 2.877%	7,385
626 Rev Bonds	2029	0.148% - 3.018%	79,403
630 Rev Bonds	2040	3.00% - 5.00%	215,015
634 Rev Bonds	2041	3.00% - 5.00%	224,495
636 Rev Bonds	2042	0.595% - 5.00%	349,040
639 Rev Bonds	2043	2.00% - 5.00%	153,975
9712 Rev Bonds	2045	1.00%-5.00%	604,260
Total Revenue Bonds			2,011,778
Pension Obligation Bonds	2035	0.295% - 5.48%	51,433
Total Outstanding			$ 2,063,211

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $2.0 billion in water and wastewater system revenue bonds, of which $604.3 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for construction. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2045. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2015 is $3.1 billion. Principal and interest paid during fiscal year 2015 were $94.5 million and $84 million, respectively.

H. Convention Center (Revenue Bonds, Pension Obligation Bonds, and Note Payable)

The 7% Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Pension Obligation Bonds are paid through increased contributions to the Debt Service Fund. Additionally, the City has covenanted to provide the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2015 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Civic Center Convention Complex	2038	3.00% - 5.25%	$ 309,075
Pension Obligation Bonds	2035	0.295% - 5.48%	3,659
Total Outstanding			$ 312,734

In a previous fiscal year, the City issued notes with an interest rate of 3.92% for the purpose of making utility efficiency improvements to the Convention Center. The notes are payable in quarterly installments and reach final maturity during fiscal year 2017. The total outstanding note payable as of September 30, 2015 is $1,981.

Note 10. Long-Term Debt (continued)

I. Airport Revenues (General Airport Revenue Bonds, Pension Obligation Bonds, and Note Payable)

During July 2015, the Love Field Airport Modernization Corporation (LFAMC) issued $109.2 million in General Airport Revenue Bonds, Series 2015 with a premium of $13.6 million. The stated interest rate on the bonds is 5 percent with a final maturity on November 1, 2035. Proceeds from the sale of the Bonds will be used to fund design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 27 months of capitalized interest (which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the parking garage, fund a bond debt service reserve fund, and pay cost of issuance for the bonds.

Pension Obligation bonds are paid through increased contributions to the Debt Service Fund. Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport operating fund to the debt service fund to meet annual principal and interest obligations.

Airport pension obligation bonds outstanding as of September 30, 2015 are as follows:

	Final Maturity	Interest Rates	Amount
General Airport Revenue Bonds	2036	5.00%	$ 109,235
Pension Obligation Bonds	2035	0.295% - 5.48%	4,820
Total			$ 114,055

In a previous fiscal year, the City issued notes with an interest rate of 1.89% for the purpose of making utility efficiency improvements to various buildings at Love Field. The notes are payable in quarterly installments and reach final maturity during fiscal year 2017. The total outstanding note payable as of September 30, 2015 is $527 thousand.

J. Airport Revenues Conduit Debt and Revenue Credit Agreement

The Love Field Airport Modernization Corporation (LFAMC), a Texas non-profit “local government corporation” and blended component unit of the City, issued $310 million in Special Facilities Revenue Bonds during November 2010, and $146.26 million in May 2012. The bonds were issued to finance the acquisition, construction, expansion, installation and equipping of certain capital improvements at Dallas Love Field Airport. Major construction commenced during fiscal year 2010 and was substantially completed during fiscal year 2015.

Prior to the issuance of the bonds, the City entered into two separate funding agreements with an airline carrier: (1) a “Facilities Agreement” pursuant to which the airline carrier is obligated to make debt service payments on the principal and interest amounts associated with the bonds (Facilities Payments), less other sources of funds the City may apply to the repayment of the bonds (including, but not limited to, passenger facility charges collected from passengers originating from Love Field Airport); and (2) a “Revenue Credit Agreement” pursuant to which the City will reimburse the airline carrier for the Facilities Payments made by the carrier.

A majority of the monies transferred from the City to the airline carrier under the Revenue Credit Agreement are expected to originate from a reimbursement account created in a “Use and Lease Agreement” between the City and the airline carrier. The Use and Lease Agreement is a 20-year agreement providing for, among other things, the lease of space at the Airport from the City. The remainder of such monies transferred from the City to the airline carrier under the Revenue Credit Agreement is expected to originate from (1) use and lease agreements with other airlines, (2) various concession agreements, and (3) other miscellaneous revenues generated at Love Field Airport.

Note 10. Long-Term Debt (continued)

All of the assets ultimately acquired by the bonds belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. At September 30, 2015, the Special Facilities Revenue Bonds outstanding was $442 million.

K. Airport Revenues Obligation for Revenue Credit Agreement

The Revenue Credit Agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the Revenue Credit Agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the Revenue Credit Agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rates for the obligation range between 4.39% to 5.48%, and the obligation will be amortized over a period of 30 years. The balance of the obligation for the Revenue Credit Agreement was $446 million less the net premium/discount of $4 million for a total balance of $442 million, at September 30, 2015. The schedule of principal and interest payments required for the obligation is provided below (in thousands):

	Airport Revenue - LFAMC		
	Obligation for Revenue Credit Agreement		
Fiscal Year	Principal	Interest	Total
2016	$ 6,990	$ 22,820	$ 29,810
2017	7,340	22,462	29,802
2018	7,710	22,085	29,795
2019	8,095	21,690	29,785
2020	8,500	21,318	29,818
2021-2025	48,840	99,873	148,713
2026-2030	70,985	85,621	156,606
2031-2035	110,975	61,534	172,509
2036-2040	143,325	28,331	171,656
2041	33,335	875	34,210
Total	$ 446,095	$ 386,609	$ 832,704

L. Non-Major Enterprise Fund (Pension Obligation Bonds)

The non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2015 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Pension Obligation Bonds	2035	0.295% - 5.48%	$ 9,373

Note 10. Long-Term Debt (continued)

M. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2015 for the business-type activities revenue bonds and pension obligation bonds are as follow:

	Dallas Water Utilities					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$ 96,675	$ 86,186	$ 182,861	$ 1,512	$ 4,707	$ 6,219
2017	98,450	81,815	180,265	1,543	4,806	6,349
2018	92,615	77,941	170,556	1,678	4,863	6,541
2019	97,950	73,809	171,759	1,622	5,117	6,739
2020	98,610	69,603	168,213	1,610	5,322	6,932
2021-2025	457,390	293,975	751,365	27,087	11,398	38,485
2026-2030	351,753	210,350	562,103	7,548	38,607	46,155
2031-2035	324,775	132,445	457,220	8,843	44,782	53,625
2036-2040	285,945	57,283	343,228	-	-	-
2041-2045	107,615	10,068	117,683	-	-	-
Total	$ 2,011,778	$ 1,093,475	$ 3,105,253	$ 51,443	$ 119,602	$ 171,045

	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$ 5,740	$ 15,866	$ 21,606	$ 108	$ 336	$ 444
2017	6,945	15,579	22,524	110	343	453
2018	8,250	15,232	23,482	120	347	467
2019	8,665	14,820	23,485	116	365	481
2020	9,095	14,386	23,481	115	380	495
2021-2025	52,775	64,638	117,413	1,921	813	2,734
2026-2030	67,355	50,057	117,412	538	2,754	3,292
2031-2035	86,600	30,812	117,412	631	3,195	3,826
2036-2038	63,650	6,798	70,448	-	-	-
Total	$ 309,075	$ 228,188	$ 537,263	$ 3,659	$ 8,533	$ 12,192

	Convention Center			Non-Major Enteprise Funds		
	Long-Term Notes Payable			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$ 1,981	$ 23	$ 2,004	$ 275	$ 857	$ 1,132
2017	-	-	-	281	875	1,156
2018	-	-	-	306	886	1,192
2019	-	-	-	295	932	1,227
2020	-	-	-	293	969	1,262
2021-2025	-	-	-	4,934	2,076	7,010
2026-2030	-	-	-	1,377	7,030	8,407
2031-2035	-	-	-	1,612	8,154	9,766
Total	$ 1,981	$ 23	$ 2,004	$ 9,373	$ 21,779	$ 31,152

(Continued)

Note 10. Long-Term Debt (continued)

	Airport Revenues					
	Pension Obligation Bonds			Long-Term Notes Payable		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$ 142	$ 441	$ 583	$ 261	$ 8	$ 269
2017	145	450	595	266	3	269
2018	157	456	613	-	-	-
2019	152	479	631	-	-	-
2020	151	499	650	-	-	-
2021-2025	2,537	1,068	3,605	-	-	-
2026-2030	707	3,618	4,325	-	-	-
2031-2035	829	4,196	5,025	-	-	-
Total	$ 4,820	$ 11,207	$ 16,027	$ 527	$ 11	$ 538

	Airport Revenues		
	General Airport Revenue Bonds		
Fiscal Year	Principal	Interest	Total
2016	$ -	$ 3,838	$ 3,838
2017	-	5,462	5,462
2018	-	5,462	5,462
2019	3,885	5,365	9,250
2020	4,075	5,166	9,241
2021-2025	23,655	22,477	46,132
2026-2030	30,190	15,778	45,968
2031-2035	38,530	7,229	45,759
2036	8,900	222	9,122
Total	$ 109,235	$ 70,999	$ 180,234

N. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long- term liabilities for the year ended September 30, 2015 are as follows:

	Balance 09/30/14	Additions	Deletions	Balance 09/30/15	Due Within One Year
Tax Increment Revenue					
Bonds - Series 2006	$ 43,061	$ -	$ 1,721	$ 41,340	$ 2,040
Bonds - Series 2007	27,058	-	1,051	26,007	791
Total Bonds	70,119	-	2,772	67,347	2,831
Accretion	27,676	4,220	1,733	30,163	-
Total Bonds	$ 97,795	$ 4,220	$ 4,505	$ 97,510	$ 2,831

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2014 are as follows:

Note 10. Long-Term Debt (continued)

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14	Due Within One Year
2009A Current Interest Bonds	$ 62,530	$ -	$ -	$ 62,530	$ -
2009A Capital Appreciation Bonds	11,881	-	-	11,881	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
2009C Taxable Bonds	17,235	-	-	17,235	3,700
Total Revenue Bonds	479,821	-	-	479,821	3,700
Add: Unamortized Premium	641	-	84	557	-
Less: Unamortized Discount	(286)	-	29	(257)	-
Add: Accretion on Capital Appreciation Bonds	3,473	938	-	4,411	-
Key Money Payable	6,000	-	-	6,000	-
Total Long-Term Debt	$ 489,649	$ 938	$ 113	$ 490,532	$ 3,700

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. The tax increment bonds outstanding as of September 30, 2015 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	$ 41,340
Series DDDA - Series 2007	2036	5.49% - 6.28%	26,007
Total Outstanding			$ 67,347

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2014 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
2009A Current Interest Bonds	2024	4.25% - 5.25%	$ 62,530
2009A Capital Appreciation Bonds	2026	5.43% - 6.46%	11,881
2009B Taxable Build America Bonds	2042	7.09%	388,175
2009C Taxable Bonds	2018	4.99% - 5.58%	17,235
Total Outstanding			$ 479,821

The debt service principal and interest payment requirement to maturity at September 30, 2015 for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2014 for the Dallas Convention Center Hotel Development Corporation bonds are as follows:

	DDDA			Calendar	Dallas Convention Center Hotel Development Corporation		
Fiscal Year	Principal	Interest	Total	Year	Principal	Interest	Total
2016	$ 2,831	$ 3,523	$ 6,354	2015	$ 3,700	$ 31,514	$ 35,214
2017	2,769	3,795	6,564	2016	5,790	31,266	37,056
2018	2,715	4,059	6,774	2017	7,415	30,907	38,322
2019	2,753	4,416	7,169	2018	5,437	33,355	38,792
2020	2,749	4,750	7,499	2019	8,435	30,471	38,906
2021-2025	15,531	25,925	41,456	2020-2024	53,730	144,890	198,620
2026-2030	13,947	29,766	43,713	2025-2029	61,389	142,739	204,128
2031-2035	19,832	29,678	49,510	2030-2034	99,410	101,593	201,003
2036	4,220	5,681	9,901	2035-2038	133,895	60,483	194,378
Total	$ 67,347	$ 111,593	$ 178,940	2039-2042	100,620	10,962	111,582
				Total	$ 479,821	$ 618,180	$ 1,098,001

Note 10. Long-Term Debt (continued)

O. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2015:

	Date of Authorization	Amount Authorized	Amount Unissued
1998 Capital Improvement Program	5/2/1998	$ 246,000	$ 12,272
2006 Capital Improvement Program	11/7/2006	1,338,940	226,854
2012 Capital Improvement Program	11/6/2012	642,000	420,304
Total		$ 2,226,940	$ 659,430

P. Compliance with Debt Covenants

For the year ended September 30, 2015, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Q. Dallas Water Utilities Commercial Paper Notes

The commercial paper notes Series D are supported by two liquidity agreements through two banks. The liquidity agreements supporting the Sub-Series D-1 and Sub-Series D-2 notes are through State Street Bank and Trust Company and Bank of America N.A., and extend to January 8, 2018. The Sub-Series D-1 notes have an aggregate available principal amount not to exceed $241.6 million, which includes $225 million of principal together with approximately $16.6 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10% per annum. The Sub-Series D-2 notes have an aggregate available principal amount not to exceed $80.5 million, which includes $75 million of principal together with approximately $5.5 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10% per annum. The commercial paper program constitutes an obligation subordinate to the Dallas Water Utility revenue bonds. Any advances made by credit providers for payments of commercial paper under the line of credit are secured by water and wastewater pledge revenues. During fiscal year 2015, $313.1 million was issued and $345.5 million was repaid. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

R. Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement

Tarrant Regional Water District (TRWD), water control and improvement district and political subdivision of the State of Texas, issued $131.9 million in February 2012 and $202.1 million in January 2014 in Water Facilities Contract Revenue Bonds. The bonds were issued to finance the DWU share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating, and or replacing water transmission facilities capable of delivering additional raw water supply to the customers of the DWU and TRWD for their respective customers (the Project). The Project is tentatively scheduled to be completed in 2025. The City's share of the total cost of the Project is estimated to be $977.5 million. Upon completion of the Project, DWU will have reserved capacity rights in the amount of 150 million gallons per day. Depending on the timing of construction, additional bonds are expected to be issued throughout the construction period.

In order to ensure adequate funding from Dallas Water Utilities for the payment of principal and interest, the City entered into a separate funding agreement with TRWD, a Water Transmission Facilities Financing Agreement (the Agreement). Under this Agreement, the City is obligated to make payments to TRWD for the principal and interest amounts associated with the bonds. The Agreement establishes through State statutes that those payments will be treated as operating and maintenance expenses. The treatment of payments to TRWD as operating and maintenance expenses is only being applied to the Schedule of Revenue Bond Coverage for the Dallas Water Utilities and for purposes of establishing rates.

The Agreement establishes that TRWD shall own and operate the Project, subject to Dallas' reserve capacity rights in the Project. The bonds are a special obligation of TRWD. Principal and interest are secured by and payable solely from payments to be received by TRWD from the City to the extent required and provided in the Agreement. The bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements. At September 30, 2015, the TRWD Water Facilities Contract Revenue Bonds outstanding were $322.7 million.

Note 10. Long-Term Debt (continued)

The City has determined the obligation under the Agreement to be a liability to the extent that such obligations are for the payment of bonds issued to fund Dallas Water Utilities' share of costs for the Project. The City has capitalized the development of an intangible asset, Pipeline Reserve Capacity Rights, in Construction in Progress for the actual Project costs incurred by TRWD. The unspent proceeds held by TRWD for future construction costs have been recorded in Other Noncurrent Assets – Future Pipeline Reserve Capacity Rights. The interest rates for the obligation range from 2.0% to 6.0%. The obligation will be amortized over a period of 30 years. The balance of the obligation for the Agreement was $322.2 million at September 30, 2015. The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Principal	Interest	Total
2016	$ 5,583	$ 13,797	$ 19,380
2017	6,310	14,715	21,025
2018	6,535	14,366	20,901
2019	6,775	14,004	20,779
2020	7,025	13,628	20,653
2021-2025	39,475	62,047	101,522
2026-2030	49,170	52,150	101,320
2031-2035	61,755	40,862	102,617
2036-2040	78,470	25,245	103,715
2041-2044	61,125	6,470	67,595
Total	$ 322,223	$ 257,284	$ 579,507

Note 11. Leases

A. As Lessee

As lessee, the City is committed under various leases for building and office space, data processing and communications equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended September 30, 2015, amounted to $7.1 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30	Total Rental Payments	Governmental Activities	Business-Type Activities
2016	$ 6,766	$ 5,300	$ 1,466
2017	3,966	2,477	1,489
2018	3,061	2,354	707
2019	2,364	2,054	310
2020	2,137	1,816	321
2021-2025	5,663	3,887	1,776
2026-2030	2,056	67	1,989
Thereafter	445	251	194
Minimum Future Rentals	$ 26,458	$ 18,206	$ 8,252

The City is also committed under capital leases for the purchase of computer equipment, vehicles and heavy equipment, parking garages and a parking lot. The liability for future capital lease payments totals $82.6 million. Future minimum lease payments for capital leases including interest and principal are as follows:

Note 11. Leases (continued)

Fiscal Year	Total Rental Payments	Governmental Activities	Business-Type Activities
2016	$ 15,639	$ 13,546	$ 2,093
2017	14,318	12,225	2,093
2018	12,020	9,927	2,093
2019	8,349	6,256	2,093
2020	5,503	3,410	2,093
2021-2025	21,630	11,167	10,463
2026-2030	10,463	-	10,463
Thereafter	30,868	-	30,868
Total minimum future lease payments	118,790	56,531	62,259
Less: Amount representing interest	(36,187)	(4,043)	(32,144)
Present value of net minimum lease payments	$ 82,603	$ 52,488	$ 30,115

The following schedule provides an analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2015.

	Governmental Activities	Business- Type Activities
Building and equipment	$ 74,393	$ -
Land	-	30,439
Less: Accumulated depreciation	(27,445)	-
Total	$ 46,948	$ 30,439

B. As Lessor

The City is also under several lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, buildings, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Additionally, other City departments receive revenues under various agreements for the operation of concessions. Most of these revenues are determined based on various percentages of gross sales for the concessions.

Revenues for the fiscal year ended September 30, 2015 were $42.2 million. The following is a schedule of minimum future rentals on non-cancelable operating leases as of September 30, 2015:

Year Ending September 30	Government Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2016	$ 1,019	$ 58	$ 923	$ 41,764	$ 43,764
2017	990	46	898	41,461	43,395
2018	990	46	898	33,235	35,169
2019	612	46	919	33,093	34,670
2020	612	46	919	32,430	34,007
2021-2025	1,886	209	4,432	115,616	122,143
2026-2030	770	207	4,030	55,540	60,547
Thereafter	376	41	16,577	408,027	425,021
Minimum Future Rentals	$ 7,255	$ 699	$ 29,596	$ 761,166	$ 798,716

The above amounts do not include contingent rentals of the Airport Revenues fund, which may be received under certain leases; such contingent rentals received totaled $425 thousand in fiscal year 2015.

Note 11. Leases (continued)

The following schedule provides an analysis of the Airport Revenues fund investment in property under operating lease arrangements as of September 30, 2015:

Building	$	506,108
Land		11,796
Subtotal		517,904
Less: Accumulated depreciation		(123,680)
Total	$	394,224

Note 12. Defeasance of Debt

In current and prior years, the City legally defeased certain outstanding general obligation and enterprise revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's basic financial statements.

As of September 30, 2015, the City had a total of $321 million defeased outstanding General Obligation Bonds and $535 million defeased outstanding water and sewer revenue bonds. The following is a schedule of defeased bonds during the fiscal year:

	9/30/2014	Additions	Deletions	9/30/2015
General Obligation Bonds	$ 244,380	$ 245,210	$ 168,105	$ 321,485
Water and Sewer Revenue Bonds	121,965	413,475	-	535,440
Total	$ 366,345	$ 658,685	$ 168,105	$ 856,925

Note 13. Risk Management – Estimated Claims and Judgments Payable

The City is self-insured for all third-party general liability claims. Claims adjusting services are provided by the City's internal staff. Interfund premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses and if probable and material, salvage and subrogation.

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a $1 million deductible per loss occurrence. The amount of settlements has not exceeded the deductible loss per occurrence for the past three fiscal years.

The City is self-insured for workers' compensation claims that occurred prior to October 1, 1999. Effective October 1, 1999, the City is insured for workers' compensation losses in excess of $750 thousand per occurrence. Claims adjusting services are provided by an independent "administrative services" contractor. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions.

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which $37 million at September 30, 2015, is recorded in the risk funds. Of this amount, $7.1 million is estimated to be payable in the next fiscal year.

The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2015, in the amount of $6.7 million in the risk funds.

At September 30, 2015, the City estimates its general liability at $17.3 million, which $3.9 million is estimated to be payable in the next fiscal year. The general liability includes $9.3 million for automobile and general liability and $8 million for probable claims and lawsuits.

Note 13. Risk Management – Estimated Claims and Judgments Payable (continued)

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	Workers' Compensation		Health		General Liability	
	2015	2014	2015	2014	2015	2014
Unpaid claims, beginning of year	$ 40,200	$ 41,200	$ 5,733	$ 7,016	$ 16,408	$ 16,770
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	4,937	8,698	71,048	56,236	6,360	12,042
Claim payments	(7,185)	(7,968)	(71,417)	(62,292)	(5,942)	(9,444)
Changes to prior year estimates (IBNR)	(937)	(1,730)	1,349	4,773	504	(2,960)
Unpaid claims, end of year	$ 37,015	$ 40,200	$ 6,713	$ 5,733	$ 17,330	$ 16,408

Note 14. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City. The developed 379 acres of the landfill has an estimated remaining useful life of 1 year. The undeveloped 431 acres of the landfill has an estimated useful life of 50 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated $30.3 million liability for closure/post-closure care is based on 92.9 percent of the capacity of the developed landfill subject to TCEQ regulations—none of which is expected to be paid from current available resources.

The City also owns and operates three transfer stations. The estimated post closure cost is $229 thousand for the transfer stations at September 30, 2015.

The estimated total liability of $32.6 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post Closure Care Costs," the City has recorded a closure and post-closure liability of $30.6 million as a long-term liability. Closure and Post-closure Care are funded through current general fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code (TAC) require landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

The City also owns the Deepwood & Loop 12 landfill located at South Miller Road, southwest of Loop 12. This landfill is closed. The estimated total liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) is estimated to be $5.2 million during the next 21 years, of which $248 thousand is due within one year.

The total closure and post-closure liability for both landfills and three transfer stations at September 30, 2015 is $35.8 million.

Note 15. Pollution Remediation

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2015, the total environmental remediation liability is $4.34 million and $ 1.13 million is estimated to be paid in fiscal year 2016. At this time, the City is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include:

The City is managing eight sites that are regulated by the Texas Risk Reduction Program, TAC Ch. 350. For the first site, the City has investigated the environmental impact from two permitted closed landfills and has been conducting remediation as required. Additional activities include groundwater monitoring, methane monitoring, and cap inspections. The estimated cost for this project is $2.665 million and $85 thousand is expected to be paid in fiscal year 2016. For the second site, the City has completed a Phase I and Phase II Environmental Site Assessments (ESA), addressed groundwater with a municipal setting designation (MSD), and excavated metal impacted soils. Future response action includes installing a clay cap. Remediation is expected to be completed by fiscal year 2016 with an estimated cost of $479 thousand. For the third site, the City conducted pre-demolition environmental investigation in the building and the subsurface at a former Aviation Tenant property with the expectation to lease in the future. Additional activities include testing in the buildings for metals dust, asbestos containing material, lead, and mold. The estimated cost for this project is $418 thousand and $98 thousand is expected to be paid in fiscal year 2016. For the fourth site, the City completed a Phase II ESA as part of pre-acquisition due diligence. Additional activities include a MSD and reporting. Activities at this site are expected to be complete in fiscal year 2016 with an estimated cost of $59 thousand. For the fifth site, the City has completed a Phase I and Phase II ESA, hydraulic lift removal, asbestos abatement, and removal of impacted soil as part of construction of a new fire station. Additional activities also include soil and groundwater management and a MSD. Remediation is expected to be completed by fiscal year 2016 with an estimated cost of $67 thousand. For the sixth site, the City has completed a Phase I and II ESA. Additional activities include subsurface investigation and a MSD. The estimates cost for this project is $267 thousand and $33 thousand is expected to be paid in fiscal year 2016. For the seventh site, the City has completed a Phase I and II ESA and a MSD is in process. Additional activities include subsurface investigation and an obtaining MSD certification. Activities at this site are expected to be complete in fiscal year 2016 with an estimated cost of $66 thousand. For the eighth site, the City has completed a Phase I and II ESA. Additional activities include subsurface investigation. The estimated cost for this project is $55 thousand and $50 thousand is expected to be paid in fiscal year 2016

The City is also managing environmental corrective action at one leaking petroleum storage tank (LPST) sites and at one site with removal of underground storage tanks and remaining subsurface components of a hydraulic lift. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334. For the first site, the City conducted groundwater monitoring and product recovery activities. Activities also include additional groundwater monitoring and product recovery activities and a MSD. Remediation is expected to be completed by fiscal year 2016 with an estimated cost of $118 thousand. For the second site, the City completed a Phase I and Phase II ESA, asbestos abatement, removal of underground storage tanks and remaining subsurface components of a hydraulic lift, product recovery, installation of additional monitor wells, and groundwater monitoring. Additional activities include groundwater monitoring. The estimated cost for this project is $143 thousand, with $71 thousand expected to be paid in fiscal year 2016.

Note 16. Pension Plans

A. Plan Descriptions

The City participates in funding three single employer, contributory, defined benefit employee pension plans. Membership is a condition of employment for all full-time, permanent employees. The activities of the entities as of December 31, 2014 are reported in the City's Pension Trust Funds. Descriptions of each plan follow:

Employees' Retirement Fund (ERF): The legal authority for this plan is Chapter 40A of the Dallas City Code. The fund is for the benefit of all eligible employees of the City, excluding firefighters and police officers. The fund is administered by a seven member board of trustees consisting of three persons appointed by the City Council who may be council members, three employees from different departments of the City who are elected by members of the retirement fund and who are members of the retirement fund, and the City Auditor. The ERF issues a stand-alone financial report which is available at: www.dallaserf.org/Publications.html.

Dallas Police and Fire Pension System Combined Plan (Combined Plan): The legal authority for the Combined Plan is Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan is a retirement fund for police officers and firefighters employed by the City of Dallas. The system is administered by a twelve member board of trustees of the Dallas Police and Fire Pension System (DPFP System) composed of three elected from active members of the police department, three elected from active members of the fire rescue department, one elected by retired police officers, one elected by retired firefighters, and four appointed by the City Council from its membership. It is comprised of a single defined benefit pension plan designed to provide retirement, death and disability benefits for firefighters and police officers (members). All active, eligible police officers and firefighters employed by the City are required to participate. The DPFP System issues a stand-alone financial report which is available at: www.dpfp.org/annualreports.html.

Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan): The legal authority for the Supplemental Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. The plan is administered by the board of trustees for the DPFP System. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination. The Supplemental Plan issues a stand-alone financial report which is available at: www.dpfp.org/annualreports.html.

B. Benefits provided

ERF: ERF provides retirement, disability and death benefits to its members in accordance with Chapter 40A of the Dallas City Code. All employees of the City are members except police officers, firefighters, elected officers, non-salaried appointee members of boards or commissions, part-time employees working less than one-half time, temporary employees, individuals working under contract, and individuals whose salaries are paid in part by another government agency.

Members have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the fund are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 5%.

Amendments to Chapter 40A of the Dallas City Code, other than provisions required to comply with federal law, may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

Combined Plan: The Combined Plan provides comprehensive retirement, disability and survivor benefits for the City's police officers, firefighters and their beneficiaries as authorized through Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan consists of Group A and Group B membership. No member elected contribution under Group A.

Note 16. Pension Plans (continued)

Group A members may elect to receive one of two benefit structures: Options 1 and 2. Option 1 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 50 equal to 50% of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50% of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Option 2 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 55 equal to 3% of the base pay computed as noted in Option 1 for each year with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP. Under Group B, members with five or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average computation pay determined over the highest 36 consecutive months of computation pay, multiplied by the number of years of pension service, up to maximum of 32 years. Group B benefits are increased by a cost of living adjustment of 4% of the initial benefit amount each October 1.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account and accumulates interest. Upon retirement from the City, the member is able to withdraw benefits from their DROP account along with the normal benefits. The total DROP account balance was $1.4 billion at December 31, 2014.

Members may amend the Combined Plan documents in any manner, including amendments to benefits or eligibility requirements, or to create a new plan or amend or restate any existing plan within the DPFP System, provided certain criteria are met.

Supplemental Plan: The Supplemental Plan provides benefits designed to supplement Combined Plan Group B benefits for members holding a rank higher than the highest corresponding civil service rank because their Combined Plan benefits are capped by the definition of "considered compensation." Benefits provided by the Supplemental Plan were approved by the Dallas City Council through passage of City Ordinance 14084 of 1973 as authorized in City Charter Chapter II, Subsection 35. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while participating in the Supplemental Plan. The formula used to determine the member's Combined Plan Group B benefit is also used to determine the member's benefit under the Supplemental Plan; therefore, the same length of time is used to determine the average computation pay for both the Combined Plan and the Supplemental Plan, as well as provisions for the application for benefits. Benefits are increased by a cost of living adjustment of 4% of the initial benefit amount each October 1.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account and accumulates interest. Upon retirement from the City, the member is able to withdraw benefits from their DROP account along with the normal benefits. The total DROP account balance was $10 million at December 31, 2014.

The Supplemental Plan document can be amended only by the City Council in accordance with City ordinance.

C. Employees covered by benefit terms

At December 31, 2014, the following numbers of employees were covered by the benefit terms:

Membership data at December 31, 2014

	ERF	Combined Plan	Supplemental Plan
Retirees and beneficiaries currently receiving benefits	6,598	5,304	140
Inactive members entitled to benefits but not yet receiving them	1,099	228	-
Current members	7,180	3,983	18
Total	14,877	9,515	158

Note 16. Pension Plans (continued)

D. Contributions

ERF: Chapter 40A of the Dallas City Code establishes contribution requirements. Changes to the contribution formula may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

The City contributes 63% of the required contribution and the membership contributes 37%. The City's contribution rate covers both the debt service tied to the pension obligation bonds issued in 2005 and the contributions to the Employees' Retirement Fund. Although the total contribution is actuarially determined each year, it is adjusted based on the following requirements of Chapter 40A: (1) the maximum contribution percentage of covered wages is 36%; (2) the maximum increase or decrease from one year to the next is 10%; and (3) the contribution rate changes only if the actuarial valuation develops a rate which differs from the prior rate by more than 300 basis points. The adjusted contribution as a result of Chapter 40A is the Current Adjusted Total Obligation Rate (CATOR). Contribution rates are 13.06% of covered wages for employees and 22.23% for the City for the City's fiscal year ended September 30, 2015. The City's contribution of 22.23% is divided into 12.94% cash to the Plan and 9.29% for debt service payments on the pension obligation bonds. For 2015, the City contribution was $49.1 million.

Combined Plan: Article 6243a-1 of the Revised Civil Statutes of the State of Texas establishes contribution requirements. The amount of the contribution percentage may be determined only by the State Legislature or by a majority vote of the voters of the city of Dallas.

The City makes statutorily required contributions of 27.5% of total wages and salaries as defined in the Combined Plan document and Article 6243a-1. No member elected contribution under Group A, which would have been 6.5% of contribution pay. Group B members are required to contribute 8.5% of their computation pay. For 2015, the City contribution was $113.0 million.

Active members in DROP pay contributions at the rate of 8.5% of Computation Pay. The City pays contributions for active members in DROP at the rate of 27.5% of total wages and salaries.

Supplemental Plan: Ordinance 14084 of 1973 establishes contribution requirements. Changes to the contribution amounts or percentages may be made by City Council ordinance.

Members of the Supplemental Plan contribute 8.5% of their pay that is applicable to the Supplemental Plan. The City makes an annual contribution to the Supplemental Plan based on the results of an actuarial study. For 2015, the City contribution was $2.4 million.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

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Note 16. Pension Plans (continued)

F. Actuarial Assumptions

The total pension liabilities in the December 31, 2014 actuarial valuations were determined using the following actuarial assumptions for each of the plans, applied to all periods included in the measurement:

	ERF	Combined Plan	Supplemental Plan
Inflation	3%	2.75%	2.75%
Salary Increases	3.50% to 7.00%, including inflation	4.00% to 9.64%	4.00% to 9.64%
Investment Rate of Return	8.00%	7.25%	7.25%
Mortality	**For actives:** Males - RP2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years. RP2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP2000 Disabled Mortality Table for male annuitants, set forward one year.	**For actives and healthy retirees:** RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA . **For all disabled lives:** RP-2000 Combined Healthy Mortality Table with a one-year set forward.	**For actives and healthy retirees:** RP-2000 Combined Healthy Mortality Table projected to 10 years beyond the valuation date using Scale AA . **For all disabled lives:** RP-2000 Combined Healthy Mortality Table with a one-year set forward.
Cost of Living Adjustments	3.00%	4% of original pension annually	None
Long-term expected rate of return	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.	Determined using a method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31 are summarized.	Determined using a method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31 are summarized.

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Note 16. Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return (RROR) for each of the plans, by major asset class, are summarized in the following table:

	ERF	
Asset Class	Target Allocation	Long-term RROR
Domestic Equity	15.0%	6.25%
International equity	15.0%	6.25%
Global equity	5.0%	6.45%
Low volatility global equity	10.0%	6.45%
Private equity	15.0%	8.80%
REITS	5.0%	4.85%
Real assets	5.0%	6.15%
Investment grade fixed income	12.5%	3.35%
High yield fixed income	15.0%	5.15%
Credit opportunities	2.5%	5.15%
Total	100.0%	

	Combined Plan		Supplem
Asset Class	Target Allocation	Long-term RROR	Target Allocation
Global public equity	15%	8.02%	15%
Global private equity	15%	12.41%	15%
Global natural resources	10%	5.32%	10%
Global fixed income	15%	2.57%	15%
Global asset allocation	20%	4.72%	20%
Global infrastructure	10%	6.61%	10%
Global real estate	15%	6.83%	15%
Total	100%		100%

G. Discount Rate

ERF: The discount rate used to measure the total pension liability was 8.00%. This single discount rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumed that (1) plan member contributions and City contributions will be made at the projected future contribution rates outlined in Chapter 40A of the Dallas City Code, under which employees contribute 37% of the CATOR; the City contributes 63% of the CATOR, reduced by the amount required to pay current debt service on the 2005 pension obligation bonds; (2) the ERF annually earns 8.00% on its market value of assets; and (3) the number of active members remains constant in the future. Based on these assumptions, the ERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and the resulting single discount rate is 8.00%.

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Note 16. Pension Plans (continued)

Combined Plan: The discount rate used to measure the total pension liability was 4.54%. In order to develop the blended discount rate of 4.54%, the actuarial assumed rate of return of 7.25% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.34% was used during the period that the plan was projected to have no fiduciary net position. The 3.34% is based on the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2014. The projection of cash flows used to determine the discount rate assumed that employee and City contributions will be made according to statutorily required contributions. Based on those assumptions, the DPFP System's Combined Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

Supplemental Plan: The discount rate used to measure the total pension liability was 7.13%. In order to develop the blended discount rate of 7.13%, the actuarial assumed rate of return of 7.25% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.34% was used during the period that the plan was projected to have no fiduciary net position. The 3.34% is based on the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2014. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made according to statutorily required contributions. The City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the statutorily required employee rate. Based on those assumptions, the Supplemental Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

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Note 16. Pension Plans (continued)

H. Changes in the Net Pension Liability

The following table shows the net pension liabilities as of December 31, 2014, and the changes for the year. The effect of a change in the long-term expected rate of return on investments for ERF from 8.25% to 8.00% is shown as a change of assumption below. Similarly, the Combined Plan and Supplemental Plan changed the long-term expected rate of return on investments from 8.50% to 7.25%, as reflected in the plan changes for those plans.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Employees' Retirement Fund			
Balances at December 31, 2013	$ 3,611,115	$ 3,332,360	$ 278,755
Changes for the year:			
Service cost	62,065	-	62,065
Interest	290,948	-	290,948
Changes of assumptions	292,137	-	292,137
Differences between expected and actual experience	(21,967)	-	(21,967)
Contributions - City	-	45,833	(45,833)
Contributions - Employee	-	46,536	(46,536)
Net investment income	-	207,992	(207,992)
Benefit payments, including refunds of employee contributions	(230,243)	(230,243)	-
Administrative expense	-	(4,150)	4,150
Other changes	-	157	(157)
Net changes	392,940	66,125	326,815
Balances at December 31, 2014	$ 4,004,055	$ 3,398,485	$ 605,570
Combined Plan			
Balances at December 31, 2013	$ 8,128,389	$ 3,335,259	$ 4,793,130
Changes for the year:			
Service cost	131,312	-	131,312
Interest	369,408	-	369,408
Differences between expected and actual experience	(4,453)	-	(4,453)
Plan changes	(329,794)	-	(329,794)
Contributions - City	-	109,792	(109,792)
Contributions - Employee	-	29,333	(29,333)
Net investment income	-	(138,893)	138,893
Benefit payments, including refunds of employee contributions	(245,932)	(245,932)	-
Administrative expense	-	(8,003)	8,003
Other changes	-	(7,361)	7,361
Net changes	(79,459)	(261,064)	181,605
Balances at December 31, 2014	$ 8,048,930	$ 3,074,195	$ 4,974,735
Supplemental Plan			
Balances at December 31, 2013	$ 43,320	$ 23,578	$ 19,742
Changes for the year:			
Service cost	28	-	28
Interest	2,969	-	2,969
Differences between expected and actual experience	336	-	336
Plan changes	(526)	-	(526)
Contributions - City	-	1,817	(1,817)
Contributions - Employee	-	49	(49)
Net investment income	-	(517)	517
Benefit payments, including refunds of employee contributions	(3,415)	(3,415)	-
Administrative expense	-	(56)	56
Other changes	-	(51)	51
Net changes	(608)	(2,173)	1,565
Balances at December 31, 2014	$ 42,712	$ 21,405	$ 21,307

Note 16. Pension Plans (continued)

The net pension liability for the ERF has been allocated between governmental activities and business-type activities based on the percentage of contribution by each. The net pension liability for the Combined Plan and Supplemental Plan is reported in the governmental activities. For governmental activities, the total net pension liability was $5,435,999, and for business-type activities, $165,613. The amount of the ERF net pension liability allocated by business-type activity is $121,281 to Dallas Water Utilities, $7,080 to Convention Center, $14,670 to Airport Revenues, and $22,582 to nonmajor funds.

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rates of 8.00% for ERF and 4.54% for the Combined Plan and 7.13% for the Supplemental Plan, as well as what the City's net pension liability would be if were calculated using discount rates that are 1-percentage-point lower (7.00% for ERF and 3.54% for the Combined Plan and 6.13% for the Supplemental Plan) or 1-percentage-point higher (9.00% for ERF and 5.54% for the Combined Plan and 8.13% for the Supplemental Plan) than the current rates:

	1 % Decrease	Current Discount Rate	1% Increase
ERF	$ 1,081,756	$ 605,570	$ 207,803
Combined Plan	$ 6,088,136	$ 4,974,735	$ 4,069,391
Supplemental Plan	$ 24,945	$ 21,307	$ 18,234

J. Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of each of the pension plans is available in the separately issued financial reports.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2015, the City recognized pension expense of $118,645 for ERF; $(5,929) for the Combined Plan; and $1,581 for the Supplemental Plan. At September 30, 2015, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERF		Combined Plan		Supplemental Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ 16,680	$ -	$ 3,752	$ 67	$ -
Changes of assumptions	221,822	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	48,861	-	301,078	-	1,734	-
Contributions subsequent to the measurement date	37,130		84,837		2,443	
	$ 307,813	$ 16,680	$ 385,915	$ 3,752	$ 4,244	$ -

$37,130, $84,837 and $2,443 reported as deferred outflows of resources related to pension contributions in the ERF, Combined Plan and Supplemental Plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ended September 30, 2016. $553,130 reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	ERF	Combined Plan	Supplemental Plan
Year ending 12/31:			
2015	$ 77,243	$ 74,568	$ 501
2016	77,243	74,568	434
2017	77,243	74,568	433
2018	22,274	74,568	433
2019	-	(701)	-
Thereafter	-	(245)	

Note 17. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City and its officers and employees acting in their official capacities (hereafter collectively "City" for purposes of Note 17 A). Those lawsuits and claims, excluding condemnation proceedings, which are considered "probable" and estimable are accrued as a liability, while those claims and judgments, excluding condemnation proceedings, which are considered "reasonably possible" are disclosed but not accrued.

In the opinion of the City Attorney, the potential loss resulting from all material pending lawsuits and claims, excluding condemnation proceedings, which are considered reasonably possible and estimable, is approximately $12.8 million as of September 30, 2015. Additionally, the City is a defendant in six lawsuits filed by approximately 10,000 past, current and future police and fire-rescue officers, alleging that current and past police and fire pay schedules were adopted in violation of a referendum approved by the voters in 1979. Certain of these lawsuits are scheduled for trial in 2016. The City is currently unable to predict the ultimate outcome of these lawsuits; however, if the City were to receive an unfavorable outcome, the City would likely look to other avenues of resolution, including appropriate appeals. As such, the City cannot reasonably estimate the amount of liability, if any, that might result from these lawsuits, as well as the timing of any liability, at this time.

At September 30, 2015, approximately $8 million has been accrued as a liability in the risk funds for pending material claims and lawsuits, excluding condemnation proceedings, considered to be probable. In the opinion of the City Attorney, this is the total amount of all such pending claims and lawsuits which represent probable loss to the City.

B. Commitments and Loss Contingencies

The City participates in a number of federally assisted and state grant programs. Principally, the Community Development Block Grant; Women, Infants and Children; and HOME Programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

On February 5, 2016, the U.S. Army Corps of Engineers requested a detailed schedule for the removal of, or modifications to, the Standing Wave to provide navigability along the Trinity River in order to comply with permit requirements. The Standing Wave is a recreational whitewater feature along the Trinity River completed by the City of Dallas in 2009. The City is currently in the process of obtaining proposals for three options: modification of a bypass channel to allow for two-way navigation, full removal of the wave structures and bypass channel, and partial removal of some elements. Conceptual design and cost estimates for the three options are not available.

The City has several major construction projects planned or in progress as of September 30, 2015. These projects are evidenced by contractual commitments and include the following: $290 million for General Purpose Capital Improvements and $483 million for Water Utilities Capital Improvements.

As discussed in note 2.B., Budgets and Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of September 30, 2015, the amount of encumbrances expected to be honored upon performance by the vendor in a subsequent year were as follows:

	Amount
General fund	$ 29,603
Nonmajor governmental funds	326,063
Total	$ 355,666

Note 17. Commitments and Contingencies (continued)

C. Gain Contingency

On October 1, 1981, the City of Dallas purchased water supply rights for Lake Fork, a water source owned and operated by the Sabine River Authority (Authority), for approximately $117 million. Lake Fork is located on Lake Fork Creek, a tributary of the Sabine River, in Wood, Hopkins and Rains Counties, approximately 70 miles east of the City of Dallas. Financial obligations of the City's share of Lake Fork water supply rights were fully paid as of December 2004. The City now has a contract with the Authority for 74% of the water available from Lake Fork.

The City is required to pay the Authority for a pro rata share of the operation and maintenance costs associated with Lake Fork, which was approximately $3.332 million in the fiscal year ended September 30, 2014. The pro rata share of the operation and maintenance costs owed to the Authority for the renewal of the Lake Fork contract was to be mutually negotiated with the Authority pursuant to the terms of the contract. Negotiation attempts with the Authority failed and in October 2014, the Authority unilaterally established a rate which would require the City to pay approximately an additional $24 million annually for the water to which it is entitled. The City has challenged the rate by filing petitions with the Public Utilities Commission of Texas (PUC) and district courts in Travis and Orange counties in Texas. The PUC has ordered an administrative law judge to consider setting an interim rate while this dispute is pending.

On April 2, 2015, the administrative law judge ruled that the interim rate must be paid by the City of Dallas until the rate case is resolved. The rate was set by the Authority on a take-or-pay basis, without a cost escalator. This interim rate was retroactive to November 2, 2014. The amounts the City pays in accordance with the interim rate are expensed and deposited into an interest-bearing escrow account, established by the Authority, pending the final outcome of the rate case.

Note 18. Other Postemployment Benefits

In addition to pension benefits, the City provides certain healthcare and life insurance benefits for retired employees through various Council resolutions. Employees who are permanent, full-time employees are eligible to participate in the benefits at retirement. The City is self-insured for these programs. The City eliminated subsidization of the plan for individuals hired on or after January 1, 2010.

For retired employees, the City pays on average $252 (not in thousands) per month. For pre-Medicare retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the actuarial cost and the retiree pays the other 50 percent. Spouses of retirees, like active employees, pay 100% of premiums. There were 4,770 retired participants and surviving spouses in the health plan at September 30, 2015, the latest data used for this evaluation. Post-Medicare retirees are offered the active plans but must pay the full cost of coverage; alternatively, they are also offered several Medicare supplement plans along with a Medicare Part D prescription drug plan. The City subsidizes the Medicare supplement plans for the retirees but does not subsidize the dependent cost.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the ARC is the projected unit credit method with service prorated. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial liability over 30 years as a level percentage of payroll on an open basis. The discount rate used for the determination of the expense for fiscal year 2015 is 4%. The annual healthcare trend rates range from 8% to 4.5% per year. Total claim payments for fiscal year 2015 were approximately $14.4 million net of participants' contributions.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 18. Other Postemployment Benefits (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The following table shows the components of the City's annual OPEB cost for fiscal year 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	$ 26,055
Interest on net OPEB obligation	9,179
Adjustment to annual required contribution	(8,769)
Annual OPEB cost	26,465
Contributions made	(14,418)
Increase in net OPEB obligation	12,047
Net OPEB obligation, beginning of year	229,486
Net OPEB obligation, end of year	$ 241,533

Net OPEB obligation reported by governmental funds	$ 195,612
Net OPEB obligation reported in business type activities funds	37,575
Net OPEB obligation reported in internal service funds	8,346
Net OPEB obligation, end of year	$ 241,533

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014, and 2013 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage of Annual OPEB Cost Contributed
2015	$ 229,486	$ 26,465	$ 14,418	$ 241,533	54.48%
2014	$ 207,462	$ 36,295	$ 14,271	$ 229,486	39.32%
2013	$ 170,086	$ 49,853	$ 12,477	$ 207,462	25.03%

As of September 30, 2015, the funded status was as follows:

Actuarial Valuation Value	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2015	$ -	$ 459,643	$ 459,643	0%	$ 812,400	56.58%

The actuarial accrued liability of $459,643 includes $276,918 for active employees and $182,725 for retirees.

At September 30, 2015, membership was as follows:	Uniformed	Non-Uniformed	Total
Active participants not eligible to retire	1,716	3,043	4,759
Active participants eligible to retire	1,874	807	2,681
Total active participants	3,590	3,850	7,440

Note 19. Subsequent Events

A. Issuance of Debt

From October 1, 2015 through April 28, 2016, the City issued $110.7 million in Dallas Water Utilities commercial paper notes, with an average interest rate of 0.07%.

On November 1, 2015, the Tarrant Regional Water District issued $300 million in revenue bonds with interest rates ranging from 0.45% to 3.21%. $140 million of this is related to the Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement mentioned in Note 10R as the Dallas Water Utilities' share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating and/or replacing water transmission facilities capable of delivering additional raw water. The bonds mature September 1, 2045.

On November 18, 2015, the City of Dallas issued $195.075 million of General Obligation Refunding & Improvement Bonds, Series 2015 with an interest rate of 5.00% and an initial yield of 0.52% to 3.14%. The bonds mature February 15, 2034.

B. Lease agreement (amounts not in thousands)

On December 9, 2015, the City authorized a 30-year lease agreement with Scarborough Maple Manor V, LP for the use of land and improvements for customer parking at Dallas Love Field Airport. The lease agreement expires December 31, 2045 and has an option to purchase the land for $10 at that time. Monthly lease payments are $257,570, plus taxes and insurance.

C. Change in bond rating

On October 28, 2015, Moody's Investors Service downgraded the City of Dallas' outstanding general obligation bonds from Aa1 to Aa2. On November 4, 2015, Standard and Poor's lowered its long-term rating and underlying rating on the City of Dallas' parity general obligation bonds from AA+ to AA.

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CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)

	2015		
	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
Total Pension Liability			
Service cost	$ 62,065	$ 131,312	$ 28
Interest	290,948	369,408	2,969
Changes of assumptions	292,137	-	-
Differences between expected and actual experience	(21,967)	(4,453)	336
Plan changes	-	(329,794)	(526)
Benefit payments, including refunds	(230,243)	(245,932)	(3,415)
Net change	392,940	(79,459)	(608)
Total Pension Liability, Beginning	3,611,115	8,128,389	43,320
Total Pension Liability, Ending [(a)]	$ 4,004,055	$ 8,048,930	$ 42,712
Plan Fiduciary Net Position			
Contributions - City	$ 45,833	$ 109,792	$ 1,817
Contributions - Employee	46,536	29,333	49
Net investment income	207,992	(138,893)	(517)
Benefit payments, including refunds	(230,243)	(245,932)	(3,415)
Administrative expense	(4,150)	(8,003)	(56)
Other changes	157	(7,361)	(51)
Net change	66,125	(261,064)	(2,173)
Plan Fiduciary Net Position, Beginning	3,332,360	3,335,259	23,578
Plan Fiduciary Net Position, Ending [(b)]	$ 3,398,485	$ 3,074,195	$ 21,405
City's Net Pension Liability [(a) - (b)]	$ 605,570	$ 4,974,735	$ 21,307
Plan Fiduciary Net Position as a percentage of Total Pension Liability	85%	38%	50%
Covered-employee payroll	$ 353,650	$ 383,006	$ 557
City's Net Pension Liability as a percentage of covered-employee payroll	171%	1299%	3825%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last Ten Fiscal years
(Dollar amounts in thousands)

	2015	2014	2013
Employees Retirement Fund			
Actuarially determined contribution	$ 68,100	$ 62,756	$ 54,289
Contributions in relation to the actuarially determined contribution	$ 49,135	$ 44,816	$ 35,515
Contribution deficiency (excess)	$ 18,965	$ 17,940	$ 18,774
Covered-employee payroll	$ 393,002	$ 357,887	$ 336,483
Contributions as a percentage of covered-employee payroll	13%	13%	11%
Dallas Police and Fire Pension - Combined Plan			
Statutorily required contribution	$ 113,026	$ 108,268	$ 105,753
Contributions in relation to the statutorily required contribution	$ 113,026	$ 108,268	$ 105,753
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 414,373	$ 378,000	$ 361,000
Contributions as a percentage of covered-employee payroll	27%	29%	29%
Dallas Police and Fire Pension - Supplemental Plan			
Actuarially determined contribution	$ 2,443	$ 1,817	$ 1,936
Contributions in relation to the contractually required contribution	$ 2,443	$ 1,817	$ 1,936
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 556	$ 521	$ 450
Contributions as a percentage of covered-employee payroll	439%	349%	430%

2012	2011	2010	2009	2008	2007	2006
$ 37,822	$ 32,865	$ 34,793	$ 18,995	$ 15,904	$ 18,121	$ 32,865
$ 28,917	$ 27,303	$ 27,668	$ 24,604	$ 22,893	$ 23,310	$ 25,293
$ 8,905	$ 5,562	$ 7,125	$ (5,609)	$ (6,989)	$ (5,189)	$ 7,572
$ 317,551	$ 318,408	$ 345,819	$ 374,395	$ 370,537	$ 347,868	$ 330,957
9%	9%	8%	7%	6%	7%	8%
$ 102,431	$ 106,633	$ 109,211	$ 106,868	$ 102,720	$ 96,235	$ 90,583
$ 102,431	$ 106,633	$ 109,211	$ 106,868	$ 102,720	$ 96,235	$ 90,583
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 349,000	$ 365,000	$ 367,000	$ 362,000	$ 341,000	$ 317,000	$ 303,000
29%	29%	30%	30%	30%	30%	30%
$ 1,954	$ 1,543	$ 1,444	$ 1,344	$ 1,244	$ 1,340	$ 1,300
$ 1,954	$ 1,543	$ 1,444	$ 1,344	$ 1,244	$ 1,340	$ 1,300
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 621	$ 886	$ 1,044	$ 1,043	$ 938	$ 866	$ 928
315%	174%	138%	129%	133%	155%	140%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last 10 Fiscal Years

Employees Retirement Fund

Valuation date	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08	12/31/07	12/31/06	12/31/05
Timing	The actuarially determined contribution rate is effective October 1 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan speicfies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.									
Asset valuation method	5-year smoothed market value of assets.						3-year smoothed market value of assets.			
Inflation	3%									
Salary increases	3.5% to 7%, including inflation									
Discount rate	8.00%	8.25%								
Cost of Living Adjustment	The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, up to 5%, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment, up to 5%.									
Mortality	**For actives:** Males - RP2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years. P2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP2000 Disabled Mortality Table for male annuitants, set forward one year.				**For actives:** Males - 1994 Uninsured Pension Mortality Table for males, base table rates multiplied by 87%. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multiplied by 125%. **For healthy retirees:** Males - 1994 Uninsured Pension Mortality Table for males, set forward two years. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multipled by 125% for ages less than 85 and multipled by 135% for ages 85 and up. **For all disabled lives:** 1965 Railroad Retirement Board Disabled Annuitants Mortality Table (without select rates). For females, the rates are multiplied by 60%.				

Dallas Police and Fire Pension - Supplemental Plan

Valuation date	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11	01/01/10	01/01/09	01/01/08	01/01/07	01/01/06
Timing	The actuarially determined contribution is due September 30 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets.									
Inflation	4%									
Salary increases	4% - 9.64%, including inflation								4.3% - 10%, including inflation	
Discount rate	7.25%	8.50%								
Cost of Living Adjustment	4% for members hired on or before December 31, 2006. New members hired after December 31, 2006 are not eligble for an automatic								4%	
Mortality	**For actives:** RP2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For healthy retirees:** RP2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For all disabled lives:** RP2000 Combined Healthy Mortality Table with a one-year set forward.				1994 Group Annuity Mortality Table for males and females, set back one year for males and females.					

CITY OF DALLAS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

Other Postemployment Benefits

Year Ended September 30, 2015

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c))
9/30/2015	$ -	$ 459,643	$ 459,643	0.00%	$ 812,400	56.58%
9/30/2014	$ -	$ 611,397	$ 611,397	0.00%	$ 767,664	79.64%
9/30/2013	$ -	$ 635,815	$ 635,815	0.00%	$ 747,872	85.02%

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to future employment, mortality, and the healthcare cost trend.

A re-evaluation of the Medicare Supplement plans in the 9/30/2015 actuarial valuation revealed that a significant decrease in the post-Medicare net claims cost assumption was warranted. This change of assumption caused a 28% reduction in the liability.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Community Development Fund – to account for funds received by the City of Dallas pursuant to the Community Development Act of 1974, as amended, and grant funds for community development type programs.

Health and Human Services Fund – to account for private and grant funds received for public health and human services programs.

Library Fund – to account for private and grant funds received for acquisition of library materials and expansion of library services.

Police Fund – to account for private and grant funds received for crime prevention and law enforcement programs.

Recreation Fund – to account for private and grant funds received for summer recreation and other recreation programs.

Transportation Fund – to account for private and grant funds received for transportation studies and construction.

Management Improvement Fund – to account for private and grant funds received for management productivity improvements.

Storm Water Operations Fund – to account for the administration and operational activities of the Storm Water Program. Financing is provided by a Storm Water fee.

Municipal Fund – to account for private contributions restricted to the provision of various employee and citizen municipal purposes.

General Citizen Fund – to account for private contributions restricted to the provision of various general governmental projects.

Arts and Cultural Fund – to account for private contributions restricted for the financing of Museum operations and functions.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

Neighborhood Projects – to account for construction of neighborhood facilities and paving projects.

Parks – to account for construction of parks, playgrounds, and recreational facilities.

Streets and Drainage – to account for construction of streets and storm sewers.

Buildings – to account for construction of City-owned buildings

Transportation – to account for construction of traffic signals and controls.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs that is, for the benefit of the government or its citizenry.

Samuell Park – to account for the private donation by Dr. W.W. Samuell. The income from this fund is restricted to the operation and improvement of Samuell Park.

Grauwyler Memorial – to account for the private donation by Mrs. Emma H. Grauwyler. The income from the trust is to be used to improve and beautify Grauwyler Park.

Craddock Park – to account for the private donation by Mr. and Mrs. L. Craddock. The earnings from the trust are to be used for improving and maintaining Craddock Park.

Martin Weiss Park – to account for the private donations by Mr. and Mrs. Martin Weiss, the earnings from which are restricted to the use for further improvements of the Martin Weiss Park.

Hale Davis – to account for private donations by Hale Davis, restricted for municipal purposes.

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	$ 12,670	$ -	$ 3,968	$ 11,437	$ 21,790
Other investments, at fair value	-	-	1,003	-	-
Receivables:					
Notes	40,458	-	-	-	43
Special assessments- paving notes	-	-	-	-	-
Accounts	406		7	-	20
Accrued interest	5	1	9	13	86
Allowance for uncollectible accounts	(8,352)	-	-	-	(3)
Due from other governments	5,797	4,660	22	2,304	-
Due from other funds	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	50,984	4,661	5,009	13,754	21,936
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	35	47	1	38	2
Accounts payable	2,257	522	745	2,091	952
Due to other governments	-	-	-	-	-
Due to other funds	-	3,160	-	-	-
Unearned revenue	8,836	-	10	79	100
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	6,055
Customer deposits	-	-	-	-	12
Contracts payable	-	-	-	-	-
Other	2,101	6	15	85	81
Total liabilities	13,229	3,735	771	2,293	7,202
Deferred inflows of resources					
Unavailable revenue	32,365	-	-	-	132
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	5,390	926	4,238	11,461	-
Committed	-	-	-	-	14,602
Total fund balances	5,390	926	4,238	11,461	14,602
Total liabilities, deferred inflows and fund balance	$ 50,984	$ 4,661	$ 5,009	$ 13,754	$ 21,936

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ 8,096	$ 15,467	$ 39,597	$ 22,537	$ 2,741	$ 3,047	$ 141,350
-	-	-	-	-	2,234	3,237
-	-	-	9,818	-	-	50,319
-	-	-	-	-	-	-
11,568	704	8,972	72	-	-	21,749
19	19	31	29	3	7	222
(9,092)	-	(4,452)	(3,119)	-	-	(25,018)
356	1,010	-		-	-	14,149
-	-	-	256	-	-	256
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,947	17,200	44,148	29,593	2,744	5,288	206,264
-	-	47	10	-	-	180
54	944	1,792	445	9	-	9,811
-	1	-	2,125	-	-	2,126
841		-	-	-	-	4,001
-	-	-	328	-	-	9,353
-	-	-	-	-	-	-
-	-	-	-	-	-	6,055
-	-	-	-	-	-	12
-	-	-	-	-	-	-
2	24	354	19	7	-	2,694
897	969	2,193	2,927	16	-	34,232
1,420	45	115	256	-	-	34,333
-	-	-	-	-	-	-
8,630	16,186	41,840	26,410	2,728	5,288	123,097
-	-	-	-	-	-	14,602
8,630	16,186	41,840	26,410	2,728	5,288	137,699
$ 10,947	$ 17,200	$ 44,148	$ 29,593	$ 2,744	$ 5,288	$ 206,264

continued

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2015
(in thousands)

	Capital Projects					Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans-portation	
Assets						
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Other investments, at fair value	-	-	27,879	1	547	28,427
Receivables:						
Notes	10,872	-	-	1,500	-	12,372
Special assessments- paving notes	-	-	5,583	-	-	5,583
Accounts	24	-	-	-	4	28
Accrued interest	70	70	219	127	225	711
Allowance for uncollectible accounts	(8,827)	-	(5,256)	(1,500)	-	(15,583)
Due from other governments	-	1,200	-	6,070	3,015	10,285
Due from other funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	4,086	4,086
Restricted cash and cash equivalents	59,620	54,869	184,787	84,717	188,232	572,225
Notes receivable from other funds	-	-	4,161	-	-	4,161
Total assets	61,759	56,139	217,373	90,915	196,109	622,295
Liabilities, deferred inflows, and fund balances						
Liabilities						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	1,377	-	-	44	-	1,421
Unearned revenue	-	178	6	-	38,031	38,215
Construction accounts payable	5,885	601	8,701	10,881	15,046	41,114
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	-	-	9
Contracts payable	4,703	91	3,487	2,139	2,233	12,653
Other	-	-	-	-	-	-
Total liabilities	16,456	870	12,203	13,064	55,310	97,903
Deferred inflows of resources						
Unavailable revenue	2,045	-	308	-	-	2,353
Fund balances						
Nonspendable	-	-	4,161	-	4,086	8,247
Restricted	43,258	55,269	200,701	77,851	136,713	513,792
Committed	-	-	-	-	-	-
Total fund balances	43,258	55,269	204,862	77,851	140,799	522,039
Total liabilities, deferred inflows and fund balance	$ 61,759	$ 56,139	$ 217,373	$ 90,915	$ 196,109	$ 622,295

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2015
(in thousands)

	Permanent Funds						
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
Assets							
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 141,350
Other investments, at fair value	7,445	95	876	85	371	8,872	40,536
Receivables:							
Notes	-	-	-	-	-	-	62,691
Special assessments- paving notes	-	-	-	-	-	-	5,583
Accounts	-	-	-	-	-	-	21,777
Accrued interest	-	-	-	-	-	-	933
Allowance for uncollectible accounts	-	-	-	-	-	-	(40,601)
Due from other governments	-	-	-	-	-	-	24,434
Due from other funds	-	-	-	-	-	-	256
Prepaid Expenses	-	-	-	-	-	-	4,086
Restricted cash and cash equivalents	-	-	-	-	-	-	572,225
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	7,445	95	876	85	371	8,872	837,431
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	180
Accounts payable	-	-	-	-	-	-	9,811
Due to other governments	-	-	-	-	-	-	2,126
Due to other funds	-	-	-	-	-	-	5,422
Unearned revenue	-	-	-	-	-	-	47,568
Construction accounts payable	-	-	-	-	-	-	41,114
Notes payable to other funds	-	-	-	-	-	-	10,546
Customer deposits	-	-	-	-	-	-	21
Contracts payable	-	-	-	-	-	-	12,653
Other	-	-	-	-	-	-	2,694
Total liabilities	-	-	-	-	-	-	132,135
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	36,686
Fund balances							
Nonspendable	7,445	95	876	85	371	8,872	17,119
Restricted	-	-	-	-	-	-	636,889
Committed	-	-	-	-	-	-	14,602
Total fund balances	7,445	95	876	85	371	8,872	668,610
Total liabilities, deferred inflows and fund balance	$ 7,445	$ 95	$ 876	$ 85	$ 371	$ 8,872	$ 837,431

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	$ -	$ -	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Franchise fees	-	-	-	-	-
Intergovernmental	33,255	18,196	246	12,231	61
Service to others	2,994	-	80	-	5,198
Fines and forfeits	-	-	-	283	-
Investment income	328	5	39	80	153
Contributions and gifts	1,266	701	2,751	21	1,098
Confiscated money awards	-	-	-	4,764	-
Other	11	-	-	-	-
Total revenues	37,854	18,902	3,116	17,379	6,510
Expenditures:					
Current					
General government	12,877	-	-	-	-
Public safety	92	-	-	11,475	-
Streets, street lighting, sanitation and code enforcement	38	-	-	-	-
Environmental and health services	-	17,757	-	-	-
Public works and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	609	-	377	-	5,420
Human services	20,440	-	-	-	-
Debt service:					
Principal	-	-	-	501	-
Interest and fiscal charges	-	-	-	-	258
Capital outlay	1,328	50	1,326	2,822	1,259
Total expenditures	35,384	17,807	1,703	14,798	6,937
Excess (deficiency) of revenues over (under) expenditures	2,470	1,095	1,413	2,581	(427)
Other financing sources (uses):					
Transfers in	-	-	-		488
Transfers out	(613)	(1,165)	(15)	(15)	-
Premium on bonds issued	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Capital lease	-	-	-	-	-
Issuance of notes	-	-	-	-	-
Total other financing sources (uses)	(613)	(1,165)	(15)	(15)	488
Net change in fund balances	1,857	(70)	1,398	2,566	61
Fund balances, beginning of year	3,533	996	2,840	8,895	14,541
Fund balances, end of year	$ 5,390	$ 926	$ 4,238	$ 11,461	$ 14,602

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
386	1,878	-	455	-	-	66,708
1,158	3,828	49,982	2,258	-	-	65,498
7,569	879	-	-	-	-	8,731
110	117	183	155	17	28	1,215
-	679	-	-	170	-	6,686
-	-	-	-	-	-	4,764
-	-	-	-	9	40	60
9,223	7,381	50,165	2,868	196	68	153,662
-	6,290	42,162	6,629	170	-	68,128
-	-	-	382	-	-	11,949
-	-	-	-	-	-	38
-	-	-	-	-	-	17,757
8,080	-	-	-	-	-	8,080
-	-	-	-	-	-	-
-	-	-	-	-	-	6,406
-	-	-	-	-	-	20,440
-	-	-	-	-	-	501
-	-	-	-	-	-	258
122	718	6,883	911	-	-	15,419
8,202	7,008	49,045	7,922	170	-	148,976
1,021	373	1,120	(5,054)	26	68	4,686
-	-	-	10,616	-	-	11,104
-	-	(2,198)	(178)	-	-	(4,184)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(2,198)	10,438	-	-	6,920
1,021	373	(1,078)	5,384	26	68	11,606
7,609	15,813	42,918	21,026	2,702	5,220	126,093
$ 8,630	$ 16,186	$ 41,840	$ 26,410	$ 2,728	$ 5,288	$ 137,699

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2015
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	$ 29,254	$ -	$ -	$ -
Tax increment financing, intergovernmental	4,892	-	-	-
Franchise fees	-	-	-	-
Intergovernmental	-	1,383	1,462	682
Service to others	233	817	403	-
Fines and forfeits	-	-	-	-
Investment income	477	366	1,511	672
Contributions and gifts	9,658	8,972	-	18
Confiscated money awards	-	-	-	-
Other	-	-	3,107	2
Total revenues	44,514	11,538	6,483	1,374
Expenditures:				
Current				
General government	33,124	-	-	8,710
Public safety	-	-	-	524
Streets, street lighting, sanitation and code enforcement	-	-	380	131
Environmental and health services	-	-	-	-
Public works and transportation	-	-	-	1,261
Equipment and building services	-	-	-	12
Culture and recreation	-	1,601	-	417
Human services	-	-	-	-
Debt service:				
Principal	2,215	-	-	-
Interest and fiscal charges	106	-	-	375
Capital outlay	14,395	5,132	58,632	50,363
Total expenditures	49,840	6,733	59,012	61,793
Excess (deficiency) of revenues over (under) expenditures	(5,326)	4,805	(52,529)	(60,419)
Other financing sources (uses):				
Transfers in		5,400	-	517
Transfers out	-		(6,138)	(1)
Premium on bonds issued	-	-	-	-
Issuance of general obligation bonds	27,720	-	143,220	47,496
Proceeds from sale of capital assets	-	31,821	830	-
Capital lease	-	-	-	34,420
Issuance of notes		-	27,879	1,793
Total other financing sources (uses)	27,720	37,221	165,791	84,225
Net change in fund balance	22,394	42,026	113,262	23,806
Fund balances, beginning of year	20,864	13,243	91,600	54,045
Fund balances, end of year	$ 43,258	$ 55,269	$ 204,862	$ 77,851

Trans-portation	Total Nonmajor Capital Project Funds
$ -	$ 29,254
-	4,892
-	-
8,455	11,982
-	1,453
-	-
1,455	4,481
490	19,138
-	-
-	3,109
10,400	74,309
-	41,834
-	524
-	511
-	-
399	1,660
-	12
-	2,018
-	-
-	2,215
-	481
52,395	180,917
52,794	230,172
(42,394)	(155,863)
-	5,917
-	(6,139)
-	-
106,209	324,645
-	32,651
-	34,420
-	29,672
106,209	421,166
63,815	265,303
76,984	256,736
$ 140,799	$ 522,039

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2015
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwyler Memorial	Craddock Park
Revenues:			
Ad valorem tax	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	(408)	(2)	(14)
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other	-	-	-
Total revenues	(408)	(2)	(14)
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Streets, street lighting, sanitation, and code enforcement	-	-	-
Environment and health services	-	-	-
Public works and transportation	-	-	-
Equipment and building services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(408)	(2)	(14)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(373)	(1)	(13)
Issuance of general obligation bonds	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital lease	-	-	-
Issuance of notes	-	-	-
Total other financing sources (uses)	(373)	(1)	(13)
Net change in fund balances	(781)	(3)	(27)
Fund balances, beginning of year	8,226	98	903
Fund balances, end of year	$ 7,445	$ 95	$ 876

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 29,254
-	-	-	4,892
-	-	-	78,690
-	-	-	66,951
-	-	-	8,731
(1)	(23)	(448)	5,248
-	-	-	25,824
-	-	-	4,764
-	-	-	3,169
(1)	(23)	(448)	227,523
-	-	-	109,962
-	-	-	12,473
-	-	-	549
-	-	-	17,757
-	-	-	9,740
-	-	-	12
-	-	-	8,424
-	-	-	20,440
-	-	-	2,716
-	-	-	739
-	-	-	196,336
-	-	-	379,148
(1)	(23)	(448)	(151,625)
-	-	-	17,021
(1)	(16)	(404)	(10,727)
-	-	-	324,645
-	-	-	32,651
-	-	-	34,420
-	-	-	29,672
(1)	(16)	(404)	427,682
(2)	(39)	(852)	276,057
87	410	9,724	392,553
$ 85	$ 371	$ 8,872	$ 668,610

NONMAJOR ENTERPRISE FUNDS

To account for operations which are financed and operated in a manner similar to private business enterprise.

Municipal Radio – to account for City-owned radio broadcast services.

Building Inspection – to account for construction inspection services within the Dallas city limits.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2015
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	$ 2,136	$ 45,224	$ 47,360
Receivables:			
Accounts	480	134	614
Accrued interest	2	55	57
Allowance for uncollectibles	(14)	-	(14)
Total current assets	2,604	45,413	48,017
Capital assets:			
Land	-	900	900
Artwork	-	-	-
Construction in progress	9	302	311
Buildings	337	-	337
Improvements other than building	273	-	273
Equipment	2,049	1,817	3,866
Accumulated depreciation	(2,219)	(1,841)	(4,060)
Total capital assets	449	1,178	1,627
Total assets	3,053	46,591	49,644
Deferred outflows of resources			
Deferred loss on refunding	5	37	42
Deferred outflows of resources related to pensions	782	10,783	11,565
Total deferred outflows of resources	787	10,820	11,607
Liabilities			
Current liabilities:			
Accrued payroll	5	69	74
Accounts payable	30	200	230
Compensated absences	48	987	1,035
Pension obligation bonds - current	33	242	275
Other	29	1,011	1,040
Unearned revenue	-	5,683	5,683
Accrued bond interest payable	5	36	41
Total current liabilities	150	8,228	8,378
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	589	4,321	4,910
Pension obligation bonds	1,628	11,527	13,155
Total long-term debt	2,217	15,848	18,065
Other noncurrent liabilities			
Compensated absences	63	1,292	1,355
Other postemployment benefits	285	4,457	4,742
Net pension liability	1,540	21,042	22,582
Total other noncurrent liabilities	1,888	26,791	28,679
Total long-term liabilities	4,105	42,639	46,744
Total liabilities	4,255	50,867	55,122
Deferred inflows of resources			
Deferred inflows of resources related to pensions	42	579	621
Net position			
Net investment in capital assets	449	1,178	1,627
Unrestricted	(906)	4,787	3,881
Total net position (deficit)	$ (457)	$ 5,965	$ 5,508

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	$ 1,975	$ 31,378	$ 33,353
Other	32	116	148
Total operating revenues	2,007	31,494	33,501
Operating expenses:			
Personnel services	1,400	20,521	21,921
Supplies and materials	57	847	904
Contractual and other services	568	6,464	7,032
Depreciation	115	38	153
Total operating expenses	2,140	27,870	30,010
Operating income (loss)	(133)	3,624	3,491
Nonoperating revenues (expenses):			
Investment income	17	332	349
Interest on bonds and notes	(114)	(834)	(948)
Total nonoperating revenues (expenses)	(97)	(502)	(599)
Income before contribution and transfers	(230)	3,122	2,892
Transfers out	-	(228)	(228)
Change in net position	(230)	2,894	2,664
Net position, beginning of year - (restated - see note 1W)	(227)	3,071	2,844
Net position, end of year	$ (457)	$ 5,965	$ 5,508

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 1,943	$ 33,809	$ 35,752
Cash payments to suppliers for goods and services	(157)	(701)	(858)
Cash payments to employees for services	(1,173)	(17,783)	(18,956)
Cash payments for contractual services	(564)	(6,562)	(7,126)
Net cash provided by operating activities	49	8,763	8,812
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(35)	(260)	(295)
Interest paid on pension obligation bonds	(98)	(718)	(816)
Transfers out other funds	-	(228)	(228)
Net cash used in non capital and related financing activities	(133)	(1,206)	(1,339)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(54)	(15)	(69)
Cash flows from investing activities:			
Investment income	17	316	333
Net cash provided by investing activities	17	316	333
Net increase (decrease) in cash and cash equivalents	(121)	7,858	7,737
Cash and cash equivalents, beginning of year	2,257	37,366	39,623
Cash and cash equivalents, end of year	2,136	45,224	47,360
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (133)	$ 3,624	$ 3,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	115	38	153
Change in assets and liabilities:			
(Increase) Decrease in accounts and other receivables	(76)	(19)	(95)
(Increase) Decrease in other assets	-	-	-
(Increase) Decrease in deferred outflows for pension contributions	(94)	(1,378)	(1,472)
Increase (Decrease) in accounts and contracts payable	4	(98)	(94)
Increase (Decrease) in accrued payroll	5	69	74
Increase (Decrease) in accrued vacation and sick leave	34	135	169
Increase (Decrease) in allowance for doubtful accounts	12	2,334	2,346
Increase (Decrease) in other postemployment benefits	8	230	238
Increase (Decrease) in net pension liability	274	3,682	3,956
Increase (Decrease) in other liabilities	(100)	146	46
Total adjustments	182	5,139	5,321
Net cash provided by operating activities	$ 49	$ 8,763	$ 8,812
Noncash investing, capital, and financing activities:			
Change in fair value of pooled investments	$ 4	$ 99	$ 103
Premium/discount amortization	15	106	121
Accretion on capital appreciation bonds	30	218	248
Amortization of deferred gain/loss on refunding	1	5	6

INTERNAL SERVICE FUNDS

Equipment Services Fund – to account for the cost of providing vehicles, vehicle maintenance, and fuel and lubrication to other City departments.

Communication Equipment Services Fund – to account for the cost of providing communication services to other City Departments.

Office Systems Fund – to account for the cost of providing office supplies, printing, copying and mailing services to other City Departments.

Information Systems Fund – to account for the cost of providing data processing and programming services to other City departments.

Risk Funds – to account for the cost of providing risk financing and insurance-related activities to other City departments.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2015
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Assets						
Current assets:						
Pooled cash and cash equivalents	$ 8,060	$ 2,446	$ 1,461	$ 32,043	$ 13,738	$ 57,748
Receivables:						
Accounts	2	99	12	37	23	173
Accrued interest	-	3	3	37	11	54
Inventories, at cost	3,101	239	59	-	-	3,399
Prepaid expenses	-	-	-	-	29	29
Due from other funds	488	-	-	-	-	488
Other	-	-	-	-	1,884	1,884
Total current assets	11,651	2,787	1,535	32,117	15,685	63,775
Capital assets:						
Land	1,696	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	4,435
Improvements other than buildings	285	456	-	248	-	989
Infrastructure	1,137	685	-	-	-	1,822
Equipment	98,584	15,211	210	19,128	336	133,469
Accumulated depreciation	(91,858)	(16,677)	(210)	(16,423)	(336)	(125,504)
Total capital assets	12,616	1,338	-	2,953	-	16,907
Total assets	24,267	4,125	1,535	35,070	15,685	80,682
Deferred outflows of resources						
Deferred outflows of resources related to pensions	9,886	1,329	377	9,382	1,647	22,621
Liabilities						
Current liabilities:						
Accrued payroll	58	7	2	51	11	129
Accounts payable	2,924	154	338	6,352	1,169	10,937
Accrued vacation and sick leave	730	87	28	860	117	1,822
Estimated unpaid health claims	-	-	-	-	6,713	6,713
Estimated unpaid claims - general	-	-	-	-	3,912	3,912
Workers' compensation	-	-	-	-	7,133	7,133
Other	35	1	17	123	2,415	2,591
Total current liabilities	3,747	249	385	7,386	21,470	33,237
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	13,418	13,418
Workers' compensation	-	-	-	-	29,882	29,882
Accrued vacation and sick leave	955	114	37	1,127	153	2,386
Other postemployement benefits	4,514	455	190	2,618	569	8,346
Net pension liability	19,508	2,611	741	18,572	3,257	44,689
Total noncurrent liabilities	24,977	3,180	968	22,317	47,279	98,721
Total liabilities	28,724	3,429	1,353	29,703	68,749	131,958
Deferred inflows of resources						
Deferred inflows of resources related to pensions	537	72	20	512	90	1,231
Net position						
Net investment in capital assets	12,616	1,338	-	2,953	-	16,907
Unrestricted	(7,724)	615	539	11,284	(51,507)	(46,793)
Total net position (deficit)	$ 4,892	$ 1,953	$ 539	$ 14,237	$ (51,507)	$ (29,886)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	$ 52,580	$ 4,936	$ 118	$ 59,771	$ 89,070	$ 206,475
Services to others	-	250	3,765	-	51,938	55,953
Other	67	-	183	4	465	719
Total operating revenues	52,647	5,186	4,066	59,775	141,473	263,147
Operating expenses						
Personnel services	17,730	2,400	670	15,965	7,809	44,574
Supplies and materials	24,892	966	1,286	1,545	144	28,833
Contractual and other services	5,107	2,049	1,933	35,345	141,615	186,049
Depreciation	3,717	129	-	317	-	4,163
Total operating expenses	51,446	5,544	3,889	53,172	149,568	263,619
Operating income (loss)	1,201	(358)	177	6,603	(8,095)	(472)
Nonoperating revenues (expenses):						
Investment income	(2)	19	15	211	72	315
Gain (loss) on property disposals	496	-	-	-	-	496
Total nonoperating revenues (expenses)	494	19	15	211	72	811
Income (loss) before transfers and contributions	1,695	(339)	192	6,814	(8,023)	339
Transfers in	950	-	-	-	-	950
Transfers out	(1,006)	(145)	(1,041)	(978)	(171)	(3,341)
Change in net position	1,639	(484)	(849)	5,836	(8,194)	(2,052)
Net position (deficit), beginning of year (restated - see note 1W)	3,253	2,437	1,388	8,401	(43,313)	(27,834)
Net position (deficit), end of year	$ 4,892	$ 1,953	$ 539	$ 14,237	$ (51,507)	$ (29,886)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from other funds for services	$ 52,647	$ 5,107	$ 4,066	$ 59,770	$ 141,473	$ 263,063
Cash payments to suppliers for goods and services	(22,262)	(822)	(1,128)	(685)	427	(24,470)
Cash payments to employees for services	(15,360)	(2,069)	(593)	(13,842)	(7,433)	(39,297)
Cash payments for contractual services	(5,595)	(2,037)	(1,933)	(35,345)	(142,101)	(187,011)
Net cash provided by (used in) operating activities	9,430	179	412	9,898	(7,634)	12,285
Cash flows from noncapital financing activities:						
Transfers to other funds	(56)	(145)	(1,041)	(978)	(171)	(2,391)
Net cash provided by (used in) noncapital financing activities	(56)	(145)	(1,041)	(978)	(171)	(2,391)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(2,973)	-	-	(211)	-	(3,184)
Net cash provided by (used in) capital and related financing activities	(2,973)	-	-	(211)	-	(3,184)
Cash flows from investing activities:						
Investment income	-	19	14	199	76	308
Net cash provided by investing activities	-	19	14	199	76	308
Net increase (decrease) in pooled cash and cash equivalents	6,401	53	(615)	8,908	(7,729)	7,018
Cash and cash equivalents, beginning of year	1,659	2,393	2,076	23,135	21,467	50,730
Cash and cash equivalents, end of year	$ 8,060	$ 2,446	$ 1,461	$ 32,043	$ 13,738	$ 57,748
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ 1,201	$ (358)	$ 177	$ 6,603	$ (8,095)	$ (472)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:						
Depreciation	3,717	129	-	317	-	4,163
Change in assets and liabilities:						
(Increase) Decrease in accounts receivables	-	(79)	-	(5)	-	(84)
(Increase) Decrease in inventories	818	51	63	-	-	932
(Increase) Decrease in prepaid expenses	-	-	-	-	846	846
Increase (Decrease) in other assets	-	-	-	-	(49)	(49)
(Increase) Decrease in due from other funds	(488)	12	-	-	-	(476)
Increase (Decrease) in deferred outflows for pension contributions	(1,167)	(161)	(46)	(1,080)	(191)	(2,645)
(Increase) Decrease in accrued payroll	58	7	2	51	11	129
Increase (Decrease) in accounts and notes payable	1,817	93	96	860	(147)	2,719
Increase (Decrease) in accrued vacation and sick leave	38	15	3	(69)	25	12
Increase (Decrease) in other post employment benefits	11	12	(13)	(58)	(40)	(88)
Increase (Decrease) in net pension liability	3,430	458	131	3,279	571	7,869
Increase (Decrease) in other liabilities	(5)	-	(1)	-	(565)	(571)
Total adjustments	8,229	537	235	3,295	461	12,757
Net cash provided by (used in) operating activities	$ 9,430	$ 179	$ 412	$ 9,898	$ (7,634)	$ 12,285
Noncash investing, capital, and financing activities:						
Change in fair value of pooled investments	$ -	$ (6)	$ (5)	$ (66)	$ (20)	$ (97)

FIDUCIARY FUNDS

Trust and Agency Funds – to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust and Agency Funds include Pension Trust Funds and Agency Funds.

Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The Pension Trust Funds are used to account for the assets of the City's Employees' Retirement Fund; Dallas Police and Fire Pension System; and the Police and Fire Supplemental Pension Fund.

Agency Funds are purely custodial and do not involve measurement of results of operations.

Cash Escrow Deposit Fund – to account for cash escrow bonds collected by the municipal court.

Confiscated Money Fund – to account for property confiscated in drug violation arrests.

Disposal Deposit Fund – to account for deposits from sanitation landfill customers that have credit accounts with the City to guarantee payment of accounts.

Tax Distribution Fund – to account for the collection and distribution of ad valorem taxes for the City and the Dallas Independent School District.

Employee War and Savings Bond Fund – to account for employee payroll deductions for the purchase of savings bonds.

Deferred Compensation Fund – to account for the employees' 401k, tax-deferred compensation deductions.

Employee Benefits Fund – to account for employees' Dental, Vision, AD&D, and Dependent Life Insurance deductions and Health Maintenance Organization (HMO) employees' and City deductions. The City collects and remits premiums on behalf of the participants.

Dallas Tourism Public Improvement District (PID) Deposit Fund – to account for the collection and distribution of Tourism Public Improvement District recovery assessment fees for the Tourism PID.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
September 30, 2015 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 128,980	$ 32,226	$ 225	$ 161,431
Invested securities lending collateral	320,940	146,051	1,019	468,010
Receivables:				
Accounts	407,092	37,577	224	444,893
Accrued interest and dividends	4,301	6,051	42	10,394
Short-term investments	-	35,989	251	36,240
Equity securities	-	698,197	4,870	703,067
Domestic equities	980,491	-	-	980,491
U.S. and foreign government fixed income securities	227,480	470,502	3,282	701,264
Domestic corporate fixed income	680,829	-	-	680,829
International equities and fixed income	901,068	-	-	901,068
Commingled index funds	119,878	-	-	119,878
Real assets	-	1,219,864	8,509	1,228,373
Private equities and venture capital funds	358,605	545,237	3,803	907,645
Alternative investments	-	396,007	2,762	398,769
Forward currency contracts	-	(9)	-	(9)
Prepaid expenses	-	193	1	194
Capital assets, net	-	12,314	86	12,400
Total assets	4,129,664	3,600,199	25,074	7,754,937
Liabilities				
Accounts payable	5,243	5,069	35	10,347
Payable for securities purchased	28,471	32,269	225	60,965
Securities lending collateral	320,940	146,051	1,019	468,010
Other	376,525	342,615	2,390	721,530
Total liabilities	731,179	526,004	3,669	1,260,852
Net Position				
Net investment in capital assets	-	12,314	86	12,400
Held in trust for pension benefits and other purposes	3,398,485	3,061,881	21,319	6,481,685
Total net position	$ 3,398,485	$ 3,074,195	$ 21,405	$ 6,494,085

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2014.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
For the Year Ended September 30, 2015 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	$ 45,833	$ 109,792	$ 1,817	$ 157,442
Employee	46,536	29,333	49	75,918
Total contributions	92,369	139,125	1,866	233,360
Net investment income:				
Interest and dividends	100,772	93,839	655	195,266
Net appreciation (depreciation) in fair value of investments	123,347	(222,113)	(1,098)	(99,864)
Securities lending income	2,551	831	6	3,388
Less investment expenses:				
Investment management fees	(17,733)	(11,242)	(79)	(29,054)
Custody fees	(150)	-	-	(150)
Consultant fees	(337)	-	-	(337)
Securities lending management fees	(458)	(208)	(1)	(667)
Total investment expenses	(18,678)	(11,450)	(80)	(30,208)
Net investment income	207,992	(138,893)	(517)	68,582
Other income	157	-	-	157
Total increases	300,518	232	1,349	302,099
Deductions:				
Benefit payments	225,614	244,199	3,415	473,228
Refund of contributions	4,629	1,733	-	6,362
Interest expense	-	7,361	51	7,412
Administrative expenses	4,150	8,003	56	12,209
Total deductions	234,393	261,296	3,522	499,211
Net increase (decrease) in net position available for benefits	66,125	(261,064)	(2,173)	(197,112)
Net position, beginning of year	3,332,360	3,335,259	23,578	6,691,197
Net position, end of year	$ 3,398,485	$ 3,074,195	$ 21,405	$ 6,494,085

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2014.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended September 30, 2015
(in thousands)

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	$ 277	$ 686	$ 387	$ 576
Liabilities				
Due to other governments and other liabilities	277	686	387	576
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	3,715	2,597	1,061	5,251
Liabilities				
Other liabilities	3,715	2,597	1,061	5,251
DISPOSAL DEPOSIT FUND				
Assets				
Cash and other assets	664	291	12	943
Liabilities				
Customer deposits	664	291	12	943
TAX DISTRIBUTION FUND				
Assets				
Cash and other assets	85	-	-	85
Liabilities				
Due to other funds and other liabilities	85	-	-	85
EMPLOYEE WAR AND SAVINGS BOND FUND				
Assets				
Cash and other assets	2	-	-	2
Liabilities				
Other liabilities	2	-	-	2
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	536	40,720	40,776	480
Liabilities				
Due to employees - deferred compensation and other liabilities	536	40,720	40,776	480
EMPLOYEE BENEFITS FUND				
Assets				
Cash	120	17,658	17,658	120
Liabilities				
Other liabilities	120	17,658	17,658	120
DALLAS TOURISM PID DEPOSIT FUND				
Assets				
Cash	971	12,801	12,781	991
Liabilities				
Other liabilities	971	12,801	12,781	991
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	6,370	74,753	72,675	8,448
Liabilities				
Due to other funds and other liabilities	$ 6,370	$ 74,753	$ 72,675	$ 8,448

DEBT SERVICE FUND

The City maintains one fund to account for payment of principal and interest on the following general obligation debt: bonds, certificates of obligation, and equipment acquisition notes.

CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended September 30, 2015
(in thousands)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	$ 214,354	$ 214,354	$ 214,433	$ 79
"Build America Bonds" Federal Subsidy	1,372	1,372	1,394	22
Investment income	-	-	177	177
Total revenues	215,726	215,726	216,004	278
Expenditures:				
Principal	126,427	126,427	128,862	(2,435)
Interest and fiscal charges	94,845	94,845	82,430	12,415
Other	8,636	8,636	8,536	100
Total expenditures	229,908	229,908	219,828	10,080
(Deficiency) of revenues over expenditures	(14,182)	(14,182)	(3,824)	10,358
Other financing sources (uses):				
Transfers in	19,369	19,369	11,907	(7,462)
General obligation bonds premium issued	-	-	95,392	95,392
Refunding bonds	-	-	204,720	204,720
Payment to refunded bond escrow agent	-	-	(297,908)	(297,908)
Total other financing sources	19,369	19,369	14,111	(5,258)
Excess of revenues and other financing sources over expenditures	5,187	5,187	10,287	5,100
Fund balance, beginning of year	683	683	683	-
Fund balance, end of year	$ 5,870	$ 5,870	$ 10,970	$ 5,100

Adjustments necessary to convert the deficiency of revenues and other sources under expenditures and other uses on the budget basis to a GAAP basis are provided below:

Deficiency of revenues and other financing sources over expenditures and other uses-budget basis	$ 10,287
Change in fair market value of investments	30
Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	$ 10,317

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizen opportunities for single family residential home ownership.

Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities which are incidental thereto for the benefit of low and moderate-income persons.

Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.

Downtown Dallas Development Authority – to account for tax increment financing revenue bonds issued to finance major improvements by developers on behalf of the City.

North Oak Cliff Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.

Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety and the public welfare in the District.

Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
As of September 30, 2015
(in thousands)

	Governmental-type Activities Component Units							Business-type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total Governmental	Dallas Convention Center Hotel Development Corporation *
Assets:								
Current assets:								
Cash and cash equivalents	$ 537	$ 305	$ 1,229	$ 16,400	$ 2	$ -	$ 18,473	$ 48,930
Investments, at fair value	2,954	-	9	-	-	-	2,963	-
Receivables	676	52	148	-	-	-	876	5,105
Inventory	-	-	-	-	-	-	-	529
Prepaid Expenses	-	-	-	-	-	-	-	1,103
Land held for resale	-	820	-	-	-	-	820	-
Franchise Fee (net of accumulated amortization)	-	-	-	-	-	-	-	34
Restricted assets:								
Cash and cash equivalents	-	-	-	7,956	-	-	7,956	35,496
Investments, at fair value	-	-	-	-	-	-	-	37,052
Capital assets:								
Building	1,958	-	-	-	-	-	1,958	304,265
Furniture, fixtures and equipment	98	-	-	-	-	-	98	40,946
Land	509	-	-	-	-	-	509	27,511
Construction in progress	-	-	-	-	-	-	-	18,603
Less: Accumulated depreciation	(201)	-	-	-	-	-	(201)	(41,567)
Total assets	6,531	1,177	1,386	24,356	2	-	33,452	478,007
Liabilities:								
Accrued payroll	-	-	-	-	-	-	-	1,225
Accounts payable	143	66	98	-	-	-	307	2,534
Accrued expenses	-	-	-	-	-	-	-	1,210
Accrued taxes payable	-	-	-	-	-	-	-	682
Unearned revenue	-	-	-	-	-	-	-	6,033
Accrued interest payable	-	-	-	148	-	-	148	15,717
Accounts payable Omni	-	-	-	-	-	-	-	1,627
Other	2	-	-	-	-	285	287	1,006
Long-term liabilities:								
Due within one year	-	-	-	2,831	-	-	2,831	3,700
Due in more than one year	-	-	-	94,679	-	-	94,679	486,832
Total liabilities	145	66	98	97,658	-	285	98,252	520,566
Deferred inflows of resources	-	-	-	-	-	-	-	24
Net position:								
Net investment in capital assets	2,364	-	-	-	-	-	2,364	(48,521)
Restricted for debt service	-	820	-	7,956	-	-	8,776	-
Unrestricted	4,022	291	1,288	(81,258)	2	(285)	(75,940)	5,938
Total net position	$ 6,386	$ 1,111	$ 1,288	$ (73,302)	$ 2	$ (285)	$ (64,800)	$ (42,583)

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2014

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2015
(in thousands)

	Governmental-type Activities Component Units							Business-type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total	Dallas Convention Center Hotel Development Corporation *
Operating revenues:								
Charges for services	$ 715	$ -	$ 223	$ -	$ -	$ -	$ 938	$ 91,723
Other	-	1,366	-	-	-	-	1,366	-
Intergovernmental	-	-	-	14,958	-	-	14,958	-
Total operating revenues	715	1,366	223	14,958	-	-	17,262	91,723
							-	
Operating expenses:							-	
Personnel services	147	174	-	-	-	-	321	-
Contractual and other services	290	694	314	9,635	3	12	10,948	60,750
Interest and service charges	-	-	-	5,678	-	-	5,678	-
Depreciation and amortization	80	-	-	-	-	-	80	13,184
Total operating expenses	517	868	314	15,313	3	12	17,027	73,934
							-	
Operating income	198	498	(91)	(355)	(3)	(12)	235	17,789
Nonoperating revenues(expenses):								
Interest and dividends	32	-	-	2	-	-	34	1,112
Interest on bonds	-	-	-	-	-	-	-	(32,168)
Contributions	-	-	-	-	-	-	-	-
City tax revenue	-	-	-	-	-	-	-	8,488
Other	-	(189)	-	-	-	-	(189)	8,991
Total nonoperating revenues(expenses)	32	(189)	-	2	-	-	(155)	(13,577)
							-	
Change in net position	230	309	(91)	(353)	(3)	(12)	80	4,212
							-	
Net position, beginning of year	6,156	802	1,379	(72,949)	5	(273)	(64,880)	(46,795)
Net position, end of year	$ 6,386	$ 1,111	$ 1,288	$ (73,302)	$ 2	$ (285)	$ (64,800)	$ (42,583)

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2014.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
As of September 30, 2015
(in thousands)

Governmental funds capital assets:		
Land	$	492,114
Construction in progress		252,332
Buildings		1,296,389
Improvements other than buildings		672,835
Equipment		521,145
Infrastructure		2,374,034
Artwork		49,460
Total governmental funds capital assets	$	5,658,309
Investments in governmental funds capital assets by source:		
General fund	$	234,685
Other trust and agency funds - municipality		120,369
Special revenue fund		172,676
Capital projects fund		4,220,949
Transfer from (to) enterprise funds		405,392
Gifts and forfeitures		504,238
	$	5,658,309

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2015
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	$ -	$ -	$ -	$ 8	$ 344	$ -	$ -	$ 352
City auditor	-	-	-	-	112	-	-	112
Office of financial services	(1,862)	-	4	1,419	42,637	1,491	-	43,689
Municipal Court	-	-	522	-	3,513	30	-	4,065
City secretary	-	-	-	-	119	-	-	119
Civil service	-	-	-	-	118	-	-	118
Planning and Development	24,141	-	33,504	31,634	19,286	69,244	-	177,809
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	(5)	-	21,756	2,587	85,209	12,259	-	121,806
Human resources	-	-	-	-	5,653	-	-	5,653
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,939	52	93,729	21	-	124,234
Police	9,329	-	94,018	50	29,213	3,181	-	135,791
Public market	4,771	-	4,355	515	199	741	-	10,581
Street, sanitation, and code	53,356	-	10,796	16,207	51,250	366,546	-	498,155
Environmental and health services	3,738	-	7,234	866	905	478	-	13,221
Public works and transportation	207,999	-	572,341	71,544	49,366	1,786,639	372	2,688,261
Culture and recreation	149,786	-	411,980	546,696	19,594	29,591	49,088	1,206,735
Library	1,178	-	63,255	29	113,312	348	-	178,122
Housing	6,759	-	9,945	1,228	97	8,096	-	26,125
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	252,332	-	-	-	-	-	252,332
Total Capital Assets of governmental funds	$ 492,114	$ 252,332	$ 1,296,389	$ 672,835	$ 521,145	$ 2,374,034	$ 49,460	$ 5,658,309

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
As of September 30, 2015
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2014	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2015
General government				
City attorney	$ 352			$ 352
City auditor	112			112
Office of financial services	38,277	5,443	31	43,689
Muncipal court	3,978	87		4,065
City secretary	119			119
Civil service	118			118
Planning and development	137,311	44,888	458	181,741
Employee retirement	13			13
Equipment, communications and information services	112,268	6,841	1,237	117,872
Human resources	5,653			5,653
International affairs	28			28
Mayor and council	212			212
Police and fire pension	30			30
Public safety	-			-
Fire	125,970	1,670	3,405	124,235
Police	131,404	4,886	500	135,790
Public market	10,581			10,581
Street, sanitation, and code enforcement	497,205	951		498,156
Environmental and health services	13,221			13,221
Public works and transportation	2,493,347	198,098	3,073	2,688,372
Culture and recreation	1,192,746	14,809	932	1,206,623
Housing	25,413	714		26,127
Library	173,976	4,146		178,122
Unallocated - primarily assets acquired prior to 1977	170,746			170,746
Construction in progress	280,411	170,417	198,496	252,332
Total capital asssets used in the operation of governmental funds	$ 5,413,491	$ 452,950	$ 208,132	$ 5,658,309

This schedule presents only the capital asset balances related to governmental funds Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmenta activities in the statement of net position.

"Dallas, the City that works:
diverse, vibrant and progressive."

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

The City of Dallas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-14
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17-19

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DALLAS, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	$ 1,495,420	$ 1,568,170	$ 1,657,571	$ 1,699,281
Restricted	65,938	70,916	60,532	46,353
Unrestricted	(68,191)	(113,329)	(178,079)	(207,135)
Total Governmental activities net position	1,493,167	1,525,757	1,540,024	1,538,499
Business-type activities				
Net investment in capital assets	2,196,675	2,276,773	2,357,750	2,452,779
Restricted for debt service	168,535	181,481	194,824	205,547
Unrestricted	176,088	205,506	221,785	185,917
Total Business-type activities net position	2,541,298	2,663,760	2,774,359	2,844,243
Primary government				
Net investment in capital assets	3,692,095	3,844,943	4,015,321	4,152,060
Restricted	234,473	252,397	255,356	251,900
Unrestricted	107,897	92,177	43,706	(21,218)
Total Primary government net position	$ 4,034,465	$ 4,189,517	$ 4,314,383	$ 4,382,742

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

(1) 2014 was not restated because the information was not available

Table 1

2010	2011	2012	2013	2014 (1)	2015
$ 2,128,770	$ 2,144,338	$ 2,201,645	$ 2,241,628	$ 2,406,821	$ 2,520,158
73,825	188,549	159,022	216,280	144,269	195,210
(266,121)	(270,121)	(279,979)	(294,490)	(306,474)	(5,393,940)
1,936,474	2,062,766	2,080,688	2,163,418	2,244,616	(2,678,572)
2,533,106	2,586,775	2,648,976	2,738,208	2,770,931	2,778,732
184,874	172,515	214,249	212,472	223,230	261,399
195,273	273,611	290,977	292,801	362,862	239,436
2,913,253	3,032,901	3,154,202	3,243,481	3,357,023	3,279,567
4,661,876	4,731,113	4,850,621	4,979,836	5,177,752	5,298,890
258,699	361,064	373,271	428,752	367,499	456,609
(70,848)	3,490	10,998	(1,689)	56,388	(5,154,504)
$ 4,849,727	$ 5,095,667	$ 5,234,890	$ 5,406,899	$ 5,601,639	$ 600,995

CITY OF DALLAS, TEXAS
CHANGE IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

Expenses	2006	2007	2008	2009
Governmental Activities:				
General government	$ 186,202	$ 164,498	$ 188,879	$ 211,380
Public safety	522,796	612,318	659,915	688,891
Streets, lighting, sanitation, code enforcement	148,608	166,335	176,503	159,930
Environmental and health services	25,596	29,099	33,230	37,590
Public works and transportation	38,038	60,490	70,931	40,749
Equipment and building services	46,402	41,265	31,047	21,001
Cultural and recreation	120,041	127,043	146,418	158,040
Housing	1,308	936	1,706	1,270
Human services	58,810	26,785	25,547	32,384
Interest on long-term debt	75,002	87,320	89,525	93,412
Total governmental activities	1,222,803	1,316,089	1,423,701	1,444,647
Business-type activities:				
Dallas water utilities	345,217	360,886	396,771	425,165
Convention center	85,733	83,429	84,608	81,926
Airport revenues	40,383	44,702	43,144	46,808
Municipal radio	4,011	3,466	3,313	2,976
Building inspection	20,921	23,897	24,018	21,638
Total business-type activities	496,265	516,380	551,854	578,513
Total primary government expenses	1,719,068	1,832,469	1,975,555	2,023,160
Program revenues				
Governmental Activities:				
Charges for services				
General government	113,844	66,803	80,647	88,636
Public safety	26,813	32,451	52,475	68,455
Streets, lighting, sanitation, code	81,821	94,223	99,803	88,010
Environmental and health services	5,545	5,856	5,895	5,946
Public works and transportation	10,720	23,567	11,977	9,968
Equipment and building services	1,216	1,007	994	1,707
Cultural and recreation	14,820	29,894	15,499	17,950
Housing	452	807	40	868
Human Services	16,600	21,339	14	21
Operating grants and contributions	63,838	71,041	71,772	79,204
Capital grants and contributions	6,690	2,912	15,821	4,986
Total governmental activities	342,359	349,900	354,937	365,751
Business-type activities:				
Dallas water utilities	438,219	411,998	451,408	467,929
Convention center	22,867	22,473	20,392	16,754
Airport revenues	33,151	38,581	48,224	51,836
Municipal radio	3,488	3,675	3,227	2,640
Building inspection	23,437	23,261	21,819	15,609
Operating grants and contributions	-	-	-	-
Capital grants and contributions	46,235	33,467	29,779	26,195
Total business-type activities	567,397	533,455	574,849	580,963
Total primary government program revenues	909,756	883,355	929,786	946,714
Net (Expense) Revenue				
Governmental Activities	(880,444)	(966,189)	(1,068,764)	(1,078,896)
Business -type activities	71,132	17,075	22,995	2,450
Total primary government net expense	(809,312)	(949,114)	(1,045,769)	(1,076,446)
General Revenues:				
Taxes:				
Ad valorem tax	510,065	553,033	623,625	662,433
Sales taxes	217,836	224,078	231,108	208,169
Franchise taxes	123,225	118,745	127,551	124,891
Tax increment financing, intergovernmental	4,159	6,090	8,857	10,764
Interest on investments	37,156	62,776	47,644	35,762
Miscellaneous	27,918	30,755	41,273	27,063
Transfer	7,390	3,302	2,973	8,289
Total general revenues	927,749	998,779	1,083,031	1,077,371
Business-type activities:				
Hotel occupancy tax	46,483	49,641	49,235	41,969
Motor vehicle tax	3,853	4,495	4,471	4,171
Alcohol beverage tax	7,091	7,569	7,856	7,533
Investment Income	23,154	39,970	27,720	20,909
Miscellaneous	3,795	7,014	1,295	1,141
Transfer	(7,390)	(3,302)	(2,973)	(8,289)
Special item	(28,410)	-	-	-
Total business-type activities	48,576	105,387	87,604	67,434
Change in Net Position				
Governmental Activities	47,305	32,590	14,267	(1,525)
Business -type activities	119,708	122,462	110,599	69,884
Total primary government	$ 167,013	$ 155,052	$ 124,866	$ 68,359

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

(1) 2014 beginning net position was not restated because information was not available.

Table 2

2010	2011	2012	2013	2014 (1)	2015
$ 193,144	$ 180,347	$ 190,927	$ 191,643	$ 263,147	$ 220,164
658,225	640,010	690,906	684,636	684,808	594,747
156,411	175,984	177,005	194,248	192,981	213,665
12,128	23,304	20,689	19,026	16,747	18,067
52,285	59,553	120,640	66,755	62,168	74,130
27,194	26,848	22,999	28,259	35,369	36,917
139,581	128,323	119,466	135,934	142,519	160,527
17,298	7,849	10,230	12,998	10,367	17,529
34,018	32,911	25,640	21,995	24,006	20,451
90,822	105,350	84,824	74,193	75,133	63,404
1,381,106	1,380,479	1,463,326	1,429,687	1,507,245	1,419,601
425,750	431,565	429,313	436,858	429,034	499,585
77,056	80,532	80,412	93,115	90,377	92,661
43,760	63,219	65,526	77,516	91,807	103,950
3,031	3,123	2,390	2,312	2,047	2,254
16,659	16,793	17,579	21,021	23,647	28,704
566,256	595,232	595,220	630,822	636,912	727,154
1,947,362	1,975,711	2,058,546	2,060,509	2,144,157	2,146,755
94,646	100,470	92,813	101,896	100,673	104,237
75,160	59,955	64,196	74,746	59,061	74,126
98,043	103,828	108,354	102,117	102,621	109,391
-	4	-	-	-	-
10,004	10,356	8,113	13,361	13,143	5,572
561	571	911	807	882	979
15,182	16,286	16,862	19,503	21,021	19,972
637	2,557	1,899	3,488	2,234	1,994
13,197	9,333	1,728	142	146	118
104,839	118,369	112,654	77,534	70,935	77,038
342,031	32,267	13,823	39,035	85,718	59,712
754,300	453,996	421,353	432,629	456,434	453,139
467,527	524,281	527,374	551,498	564,546	573,327
19,104	20,640	28,727	27,936	24,207	28,211
59,229	64,456	64,052	70,553	84,426	109,777
2,887	3,008	2,398	1,920	1,908	1,975
18,469	23,107	23,429	26,867	28,208	31,378
-	-	606	5,192	5,699	5,937
30,519	33,754	21,734	53,977	16,586	21,135
597,735	669,246	668,320	737,943	725,580	771,740
1,352,035	1,123,242	1,089,673	1,170,572	1,182,014	1,224,879
(626,806)	(926,483)	(1,041,973)	(997,058)	(1,050,811)	(966,462)
31,479	74,014	73,100	107,121	88,668	44,586
(595,327)	(852,469)	(968,873)	(889,937)	(962,143)	(921,876)
637,304	659,400	649,459	659,693	687,573	735,913
205,933	217,148	231,327	243,697	257,467	275,250
123,721	128,757	129,508	131,009	136,951	132,719
6,739	6,601	6,172	6,937	4,108	4,892
9,045	6,830	6,469	2,526	2,667	7,550
20,531	18,252	17,558	14,448	11,235	43,588
21,508	15,787	19,402	21,478	32,008	23,120
1,024,781	1,052,775	1,059,895	1,079,788	1,132,009	1,223,032
42,114	44,969	40,047	45,182	50,374	53,931
4,373	3,470	-	-	-	-
7,398	7,656	6,728	7,648	10,256	11,247
4,097	4,439	3,626	1,964	2,416	5,901
1,057	887	866	908	208	314
(21,508)	(15,787)	(19,402)	(21,478)	(32,008)	(23,120)
-	-	(13,664)	(22,066)	(6,372)	-
37,531	45,634	18,201	12,158	24,874	48,273
397,975	126,292	17,922	82,730	81,198	256,570
69,010	119,648	91,301	119,279	113,542	92,859
$ 466,985	$ 245,940	$ 109,223	$ 202,009	$ 194,740	$ 349,429

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2006	2007	2008	2009
General Fund				
Nonspendable	$ 5,186	$ 6,020	$ 7,904	$ 9,612
Restricted	15,869	19,902	19,692	4,253
Committed	3,006	2,660	2,459	2,233
Assigned	30,870	42,262	25,036	18,111
Unassigned	78,470	62,858	63,247	69,789
Total general fund	133,401	133,702	118,338	103,998
All Other Governmental Funds				
Nonspendable	15,768	15,477	12,504	12,054
Restricted	555,024	781,779	882,170	893,870
Committed	9,978	11,208	14,915	15,544
Total all other governmental funds	580,770	808,464	909,589	921,468
Total all governmental funds	$ 714,171	$ 942,166	$ 1,027,927	$ 1,025,466

Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, Notes to the financial statements

Table 3

2010	2011	2012	2013	2014	2015
$ 9,034	$ 8,515	$ 9,289	$ 9,324	$ 10,044	$ 9,894
2,599	7,431	11,431	8,506	11,236	8,485
1,988	1,740	1,490	1,250	1,250	10,570
19,201	20,446	25,621	17,086	28,905	29,603
59,150	83,289	101,205	120,839	129,239	141,550
91,972	121,421	149,036	157,005	180,674	200,102
12,538	11,974	13,116	13,647	13,885	17,119
793,287	668,328	521,775	546,308	367,619	650,698
13,994	10,748	11,540	14,406	14,541	14,602
819,819	691,050	546,431	574,361	396,045	682,419
$ 911,791	$ 812,471	$ 695,467	$ 731,366	$ 576,719	$ 882,521

CITY OF DALLAS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2006	2007	2008	2009
REVENUES:				
Ad valorem taxes	$ 522,486	$ 551,476	$ 619,207	$ 658,195
Tax increment financing, intergovernmental	4,159	5,714	8,857	-
Sales taxes	217,836	224,078	231,108	208,169
Franchise fees	123,225	118,745	127,551	124,891
Licenses and permits	2,757	3,028	3,696	3,569
Intergovernmental	69,340	73,953	76,779	94,954
Service to others	198,806	213,951	196,787	215,197
Fines and forfeitures	36,445	51,378	37,876	37,774
Investment income	35,949	60,659	46,440	34,996
Contributions and gifts	8,654	3,610	13,526	6,988
Confiscated money awards	2,807	2,788	2,924	2,101
Other	24,904	17,970	17,596	8,468
Total revenues	1,247,368	1,327,350	1,382,347	1,395,302
EXPENDITURES:				
Current:				
General government	159,627	159,819	158,125	178,832
Public safety	513,366	575,215	611,754	629,199
Streets, lighting, sanitation and code	143,183	152,178	158,997	149,060
Environmental and health services	25,277	27,938	34,057	37,639
Public works and transportation	13,047	21,928	18,766	15,452
Equipment and building services	29,506	34,352	23,331	12,280
Culture and recreation	104,884	109,995	124,750	124,073
Housing	1,260	834	1,487	1,303
Human services	58,380	25,797	24,593	28,991
Debt Service:				
Principal	122,570	123,179	141,780	150,909
Interest and fiscal charges	67,785	64,495	83,410	96,037
Payment to refunded bond escrow agent	-	-	-	-
Capital outlay	151,337	199,146	331,020	279,211
Administration:				
Disbursement to employee retirement fund	-	-	-	-
Total expenditures	1,390,222	1,494,876	1,712,070	1,702,986
Excess(deficiency) of revenues over expenditures	(142,854)	(167,526)	(329,723)	(307,684)
OTHER FINANCING SOURCES(USES):				
Issuance of long-term debt	218,310	368,431	387,034	250,838
Capital contribution	9,514	-	-	-
Proceeds from sale of capital assets	4,188	9,509	9,240	33,762
Payment to refunded bond escrow agent	-	-	(74,151)	-
Premium on bonds issued	7,389	13,690	17,496	7,945
Issuance of refunding bonds	-	-	70,610	-
Transfers in	59,928	57,083	37,017	85,603
Transfers out	(49,179)	(53,192)	(31,762)	(72,925)
Total other financing sources(uses)	250,150	395,521	415,484	305,223
Net change in fund balance	$ 107,296	$ 227,995	$ 85,761	$ (2,461)
Debt service as a percentage of noncapital expenditures	15.32%	14.53%	16.31%	17.34%

(1) The capital expenditures can be obtained from the Reconciliation of Revenues, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, Notes to the financial statements.

Table 4

2010	2011	2012	2013	2014	2015
$ 643,517	$ 659,793	$ 650,701	$ 660,496	$ 687,891	$ 734,885
6,739	6,601	6,172	6,937	4,108	4,892
205,933	217,148	231,327	243,697	257,467	275,250
123,721	128,757	129,508	131,009	136,951	132,719
5,349	5,798	6,185	6,271	6,232	6,047
114,928	128,400	118,042	102,879	99,326	87,633
230,373	232,350	224,869	236,911	255,997	261,685
41,364	38,781	36,336	35,525	34,079	34,879
8,962	6,664	6,350	2,454	2,542	7,235
5,824	22,236	8,555	19,367	32,057	25,848
3,758	1,784	2,883	2,253	3,493	4,764
4,676	5,705	4,764	3,215	7,671	9,401
1,395,144	1,454,017	1,425,692	1,451,014	1,527,814	1,585,238
177,777	162,471	170,268	172,910	227,195	203,780
640,205	622,299	623,260	643,510	656,941	685,444
149,969	159,052	157,829	165,875	175,853	186,631
20,009	23,419	20,623	18,629	16,662	17,757
13,803	15,681	20,336	28,548	19,467	17,257
21,260	19,827	17,406	21,290	25,648	23,439
107,140	105,253	101,776	110,676	120,198	129,866
8,257	7,249	8,327	9,499	10,290	13,551
32,819	33,035	26,677	22,747	20,741	20,440
202,748	152,193	154,600	147,293	147,177	168,962
89,580	99,080	88,608	78,611	79,256	84,543
-	-	-	3,204	-	-
230,864	207,362	237,055	240,196	265,262	204,012
-	-	-	-	-	-
1,694,431	1,606,921	1,626,765	1,662,988	1,764,690	1,755,682
(299,287)	(152,904)	(201,073)	(211,974)	(236,876)	(170,444)
303,686	159,816	47,888	517,671	41,616	388,895
-	-	-	-	-	-
5,943	10,662	8,157	17,427	2,238	32,976
(182,181)	(217,974)	-	(380,859)	-	(271,433)
32,032	21,613	3,261	69,304	-	95,392
-	58,019	-	-	-	204,720
72,376	42,946	48,093	38,508	57,022	41,053
(46,244)	(21,498)	(23,330)	(14,178)	(18,647)	(15,357)
185,612	53,584	84,069	247,873	82,229	476,246
$ (113,675)	$ (99,320)	$ (117,004)	$ 35,899	$ (154,647)	$ 305,802
19.97%	17.95%	17.50%	15.88%	15.10%	16.34%

Table 5

CITY OF DALLAS, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Real Property Estimated Market Value [2]	Personal Property Estimated Market Value [2]	Less: Tax-Exempt Property [2]	Total Taxable Assessed Value [1] [4]	Total Direct Tax Rate [3]
2006	$ 78,365,314	$ 11,589,415	$ (19,110,927)	$ 70,843,802	0.7417
2007	84,505,792	11,694,227	(20,075,828)	76,124,191	0.7292
2008	91,914,767	14,177,424	(21,565,257)	84,526,934	0.7479
2009	100,983,132	14,859,528	(25,364,727)	90,477,933	0.7479
2010	97,533,425	15,055,400	(25,324,730)	87,264,095	0.7479
2011	94,008,753	13,706,221	(24,289,495)	83,425,479	0.7970
2012	92,312,007	13,741,870	(24,060,131)	81,993,746	0.7970
2013	94,522,089	14,203,657	(25,044,024)	83,681,722	0.7970
2014	98,764,424	14,903,530	(26,416,432)	87,251,522	0.7970
2015	106,519,690	14,900,052	(28,281,532)	93,138,210	0.7970

Notes:

[1] Total Taxable Assessed Value represents original certified taxable value determined by, the Dallas, Collin, Denton, and Rockwall Central Appraisal District.

[2] Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2015 fiscal year reflects 2014 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

[3] Per $100 of valuation.

[4] Exemptions are granted by the City within the constraints of Texas Constitutional law SC 5.

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
CITY TAX RATE DISTRIBUTION
Last Ten Fiscal Years (Unaudited)
(Per $100 of Assessed Value)
(in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund	$ 0.5445	$ 0.5448	$ 0.5196	$ 0.5230	$ 0.4918	$ 0.5324	$ 0.5379	$ 0.5439	$ 0.5601	$ 0.5646
Debt Service Fund	0.1972	0.1844	0.2283	0.2249	0.2561	0.2646	0.2591	0.2531	0.2369	0.2324
Total City Tax Rate	$ 0.7417	$ 0.7292	$ 0.7479	$ 0.7479	$ 0.7479	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970

Source: Dallas Central Appraisal District

Table 7

CITY OF DALLAS, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING TAX RATES
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates [2]		Overlapping Rates [1]					
Fiscal Year	Operating General Rates	General Obligation Debt Service	Dallas County	Dallas County Community College District	Dallas Independent School District	Dallas County School Equalization	Dallas County Hospital District	Total Ad valorem Rate
2006	$ 0.54450	$ 0.19720	$ 0.21390	$ 0.08160	$ 1.68836	$ 0.00530	$ 0.25400	$ 2.97956
2007	0.54480	0.18440	0.21390	0.08100	1.50264	0.00503	0.25400	2.78074
2008	0.51960	0.22830	0.22810	0.08040	1.19964	0.00471	0.25400	2.51004
2009	0.52300	0.22490	0.22810	0.08940	1.18340	0.00493	0.25400	2.50280
2010	0.49180	0.25610	0.22810	0.09490	1.27134	0.00521	0.27400	2.61624
2011	0.53240	0.26460	0.24310	0.09923	1.23781	0.01000	0.27100	2.64814
2012	0.53790	0.25910	0.24310	0.09967	1.29035	0.01000	0.27100	2.70112
2013	0.54390	0.25310	0.24310	0.11938	1.29035	0.00994	0.27100	2.72083
2014	0.56010	0.23690	0.24310	0.12470	1.28209	0.01000	0.27600	2.72289
2015	0.56460	0.23240	0.24310	0.12478	1.28209	0.01000	0.28600	2.73297

Source: Dallas Central Appraisal District

[1] Overlapping rates are those of local and county governments that apply to property owners within the City of Dallas.

[2] The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the State law, after which the City's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

Table 8

CITY OF DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2006	2005	$ 525,448	$ 511,018	97.25%	$ 5,351	$ 516,369	98.27%
2007	2006	555,098	539,974	97.28%	6,599	546,573	98.46%
2008	2007	632,177	606,659	95.96%	6,445	613,104	96.98%
2009	2008	676,684	647,697	95.72%	4,413	652,110	96.37%
2010	2009	652,648	631,848	96.81%	5,590	637,438	97.67%
2011	2010	664,901	647,605	97.40%	6,562	654,167	98.39%
2012	2011	653,490	638,999	97.78%	5,561	644,560	98.63%
2013	2012	666,943	650,496	97.53%	4,572	655,068	98.22%
2014	2013	695,395	678,179	97.52%	4,258	682,437	98.14%
2015	2014	742,312	724,668	97.62%	4,468	729,136	98.23%

Source: Dallas County Tax Assessor/Collector

Table 9

CITY OF DALLAS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago (Unaudited)
(in thousands)

		2015			2006		
Name of Taxpayer	**Nature of Property**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**
Oncor Electric/Texas Utilities	Electric Utility	$ 793,422	1	0.85%	-	-	-
Crescent Real Estate	Real Estate/Developer	741,602	2	0.80%	624,504	4	0.88%
Northpark Land Partners	Developer	624,382	4	0.67%	217,078	9	0.31%
Texas Instruments	Electronic Manufacturing	601,466	3	0.65%	1,126,897	1	1.59%
AT&T/TCI Cable	Telephone Utility	598,059	5	0.64%	-	-	-
Southwest Airlines	Air Transportation	577,374	6	0.62%	535,959	5	0.76%
PC Village Apartments Dallas LP	Developer	422,520	7	0.45%	220,238	8	0.31%
Post Properties, Inc.	Real Estate/Developer	377,179	8	0.40%	-	-	-
Galleria Mall Investors LP	Developer	365,784	9	0.39%	225,151	7	0.32%
Walmart	Retailer	359,495	10	0.39%	-	-	-
Southwestern Bell/Cingular	Telephone Utility	-	-	-	1,028,234	2	1.45%
Texas Utilities	Electric Utility	-	-	-	757,441	3	1.06%
Trammell Crow	Developer	-	-	-	280,543	6	0.40%
Metropolitan Life	Insurance Company	-	-	-	213,260	10	0.30%
		$ 5,461,283		5.86%	$ 5,229,305		7.38%

Source: Dallas County Tax Office

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2015 (Unaudited)
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General Obligation Bonds	$ 1,558,578		$ 1,558,578
Certificates of Obligation	21,871		21,871
Pension Obligation Bonds	536,028		536,028
Other Debt			
Capital Leases Payable	52,488		52,488
Commercial Paper	27,880		
Long-term Notes Payable	44,208		44,208
Subtotal, direct debt	2,241,053	100.00 %	2,241,053
Overlapping Debt:			
Carrollton-Farmers Branch ISD	274,820	6.84 %	18,798
Cedar Hill Independent School District	125,306	1.03 %	1,291
Collin County	402,795	4.39 %	17,683
Collin County Community College District	31,600	4.39 %	1,387
Coppell Independent School District	212,351	1.08 %	2,293
Dallas County	84,725	50.14 %	42,481
Dallas County Community College District	321,510	50.14 %	161,205
Dallas County Hospital District	728,005	50.14 %	365,022
Dallas Independent School District	2,552,990	88.16 %	2,250,716
Denton County	634,275	1.64 %	10,402
Duncanville Independent School District	225,991	44.29 %	100,091
Garland Independent School District	501,756	2.40 %	12,042
Grand Prairie Independent School District	441,586	2.71 %	11,967
Highland Park Independent School District	87,110	9.10 %	7,927
Irving Independent School District	494,413	2.37 %	11,718
Lancaster Independent School District	144,584	1.97 %	2,848
Mesquite Independent School District	357,348	1.25 %	4,467
Plano Independent School District	852,635	11.22 %	95,666
Richardson Independent School District	414,620	57.78 %	239,567
Subtotal, overlapping debt	$ 8,888,420		$ 3,357,571
City Of Dallas (direct debt)	2,241,053	100.00 %	2,241,053
Total direct and overlapping debt	$ 11,129,473		$ 5,598,624
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			6.01%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,501

(1) Total general obligation (G.O.) bonded debt shown for the City of Dallas excludes self-supporting Water and Sewer G.O., and amount available for repayment in the Debt Service fund.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1)The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. Debt outstanding data was obtained from each governmental unit.

CITY OF DALLAS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

	Governmental								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	TIF Bonds	Capital Leases Payable	Commercial Paper	Long-term Notes Payable	Revenue and Refunding Bonds
2006	$ 957,404	$ 52,313	$ 51,503	412,751	$ 11,319	$ 12,587	$ -	-	$ 1,960,874
2007	1,241,302	43,145	45,943	413,940	9,410	10,914	-	169	2,055,809
2008	1,447,695	80,590	58,180	413,618	7,451	10,732	-	11,609	2,107,537
2009	1,553,177	75,888	71,088	412,559	5,397	9,526	-	9,774	2,121,743
2010	1,564,938	58,915	45,802	412,018	-	7,072	-	7,833	2,234,823
2011	1,467,092	36,456	43,038	412,720	-	6,231	-	5,826	2,280,946
2012	1,343,278	50,031	22,385	410,168	-	6,526	25,000	4,702	2,368,889
2013	1,452,292	36,477	9,375	407,301	-	17,737	-	31,635	2,423,049
2014	1,318,947	26,457	4,685	404,248	-	26,991	26,475	32,402	2,316,892
2015	1,558,578	21,871	-	400,411	-	52,488	27,880	44,208	2,577,258

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population data (See Table 15).

(2) See Table 5 for property value data.

Table 11

Business-Type								
Pension Obligation Bonds	Commercial Paper	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Total Bonded Debt	Percentage of Estimated Actual Property Value (2)	Per Capita
$ 137,009	$ 160,538	$ -	$ 3,595,760	12.33%	$ 2,854	$ 1,610,980	2.27%	1,279
140,195	179,698	-	3,960,827	12.53%	3,094	1,884,525	2.48%	1,472
140,087	67,242	15,733	4,293,232	12.95%	3,357	2,140,170	2.53%	1,673
139,729	169,983	14,535	4,413,416	13.35%	3,379	2,252,441	2.49%	1,725
139,545	58,000	12,539	4,483,485	13.01%	3,407	2,221,218	2.55%	1,688
139,323	36,860	10,760	4,402,392	14.65%	3,669	2,098,629	2.52%	1,749
138,642	-	8,985	4,378,606	14.20%	3,628	1,964,504	2.40%	1,628
137,815	-	6,867	4,522,548	14.65%	3,670	2,043,260	2.44%	1,660
136,868	122,840	4,708	4,298,673	12.79%	3,561	1,891,205	2.17%	1,567
135,617	90,458	2,508	4,820,819	14.14%	3,875	2,116,477	2.27%	1,701

CITY OF DALLAS, TEXAS
LEGAL DEBT MARGIN
Last Ten Fiscal Years (Unaudited)
(in thousands)

	2006	2007	2008	2009
Total Assessed Valuation	$70,843,802	$76,124,191	$84,526,934	$90,477,933
Overall debt limitation - 10% of assessed valuation	7,084,380	7,612,419	8,452,693	9,047,793
Net Debt Subject to Limitation	1,486,233	1,728,963	1,905,673	2,006,271
Legal debt margin within 10% limitation (1)	$5,598,147	$5,883,456	$6,547,020	$7,041,522
Legal Debt Margin as a Percentage of the Debt Limit	79.0%	77.3%	77.5%	77.8%

Notes:

(1) Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City."

Table 12

2010	2011	2012	2013	2014	2015
$87,264,095	$83,425,479	$81,993,746	$83,681,722	$87,251,522	$93,138,211
8,726,410	8,342,548	8,199,375	8,368,172	8,725,152	9,313,821
1,938,126	1,798,332	1,666,007	1,691,184	1,547,227	1,700,335
$6,788,284	$6,544,216	$6,533,368	$6,676,988	$7,177,925	$7,613,486
77.8%	78.4%	79.7%	79.8%	82.3%	81.7%

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
DALLAS WATER UTILITIES
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service: Gross Revenue	Expense [1]	Net Revenue	Debt Service Requirements [2]: Principal	Interest	Total	Revenue Bond Coverage [3]
2006	$ 444,634	$ 213,646	$ 230,988	$ 76,825	$71,700	$ 148,525	1.56
2007	427,887	204,221	223,666	83,265	76,550	159,815	1.40
2008	462,424	206,213	256,211	91,215	77,606	168,821	1.52
2009	490,729	245,846	244,883	95,330	75,940	171,270	1.43
2010	478,512	240,117	238,395	96,115	73,987	170,102	1.40
2011	508,040	228,844	279,196	96,115	80,444	176,559	1.58
2012	535,289	235,821	299,468	96,115	77,250	173,365	1.73
2013	554,686	233,177	321,509	89,510	84,269	173,779	1.85
2014	569,822	246,141	323,681	94,545	84,134	178,679	1.81
2015	568,841	287,983	280,858	96,675	86,186	182,861	1.54

Notes:

[1] Operating expenses do not include depreciation or any PILOT payments or similar payments that are not considered expenses of the operation and maintenance of the Water and Wastewater System.

Operating expenses includes payments for the Water Transmission Facilities Financing Agreement in, as explained in note 10.R. Per Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer the municipality may provide or the issuer provides part or all of the facilities or services of a utility system to that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
CONVENTION CENTER FUND
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service: Gross Revenue	Expenditures [1]	Net Revenue	Debt Service Requirements: Principal	Interest	Total	Revenue Bond Coverage [2]
2005	$ 70,706	$ 62,071	$ 8,635	$ 8,805	$ 14,889	$ 23,694	0.4
2006	84,945	62,081	22,864	10,685	14,361	25,046	0.9
2007	89,327	44,971	44,356	14,265	20,096	34,361	1.3
2008	87,068	40,212	46,856	15,820	18,543	34,363	1.4
2009	73,871	40,170	33,701	1,725	18,696	20,421	1.7
2010	73,783	38,196	35,587	1,730	17,791	19,521	1.8
2011	77,332	38,354	38,978	2,205	16,487	18,692	2.1
2012	75,947	44,975	30,972	2,775	16,421	19,196	1.6
2013	85,820	52,850	32,970	3,675	16,282	19,957	1.7
2014	90,356	54,606	35,750	4,640	16,098	20,738	1.7
2015	99,805	57,479	42,326	5,740	15,866	21,606	2.0

[1] Convention Center Revenue bond covenants require only Convention Center expenses be considered when calculating bond coverage.

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

Table 15

CITY OF DALLAS, TEXAS
DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment [2]	Unemployment Rate [2]
2006	1,260,950	$ 29,173,772,850	$ 23,136	$ 37,264	31.3	$ 70,843,802	624,861	33,742	5.4 %
2007	1,280,500	31,616,825,500 [3]	24,691 [4]	38,276 [3]	31.9 [3]	76,124,191	612,088	28,768	4.7 %
2008	1,279,910	33,154,788,640 [3]	25,904 [4]	42,670 [3]	32.1 [3]	84,526,934	606,506	29,719	4.9 %
2009	1,306,350	33,048,042,300 [3]	25,298 [4]	40,473 [3]	32.0 [3]	90,477,933	592,403	43,838	7.4 %
2010	1,316,350 [5]	34,473,231,975 [3]	26,189 [4]	39,813 [3]	31.8 [3]	87,264,095	605,307	52,662	8.7 %
2011	1,200,530 [6]	30,042,062,720 [3]	25,024 [4]	42,911 [3]	31.6 [3]	83,425,479 [7]	607,860	52,884	8.7 %
2012	1,207,420	30,842,940,190 [3]	25,545 [4]	43,804 [3]	31.7 [3]	81,993,746 [7]	580,975	44,955	7.7 %
2013	1,232,243	30,868,803,800 [3]	25,051 [4]	41,318 [3]	32.0 [3]	83,681,722 [7]	591,278	39,966	6.8 %
2014	1,232,360	33,615,083,720 [3]	27,277 [4]	41,666 [3]	32.3 [3]	87,251,522 [7]	596,473	34,977	5.9 %
2015	1,244,270	34,081,929,000 [3]	27,391 [4]	43,103 [3]	32.1 [3]	93,138,211 [7]	642,785	26,917	4.2 %

[1] North Central Texas Council of Governments estimate

[2] U.S. Bureau of Labor Statistics

[3] Personal Income, Median Household Income, and Median Age are averages of previous two years. Personal income is the Aggregate income in the past 12 months Census Bureau.

[4] Per Capita Personal Income is derived from Population and Personal Income values.
Census Bureau.

[5] The 2010 North Central Texas Council of Governments estimate difference from the 2010 Census value.

[6] The 2011 North Central Texas Council of Governments estimate in based on 2010 Census and is NOT a continuation of previous 2001-2009 estimates. 2014 data obtained from United States Census Bureau.

[7] Consolidated Appraisal Value from Budget Office

All values by year are current estimates as published by the source at the date of publication. Updates to the values after publication date by their source are not reflected.

Table 16

CITY OF DALLAS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago (Unaudited)

	2015			2006		
Name of Employers	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Wal-Mart Stores	25,500	1	0.75%	-	-	-
American Airlines Group Inc.	25,000	2	0.74%	-	-	-
Dallas Independent School District*	20,000	3	0.59%	16,000	3	2.47%
Texas Health Resources	19,100	4	0.56%	-	-	-
Baylor Scott & White Health	16,900	5	0.50%	11,600	5	1.79%
Bank of America	14,500	6	0.43%	-	-	-
Lockheed Martin Aeronautics Co.	13,700	7	0.40%	-	-	-
City of Dallas	13,000	8	0.38%	19,000	2	2.93%
Texas Instruments Inc.	13,000	9	0.38%	14,204	4	2.19%
JPMorgan Chase Bank N.A.	12,600	10	0.37%	-	-	-
United States Postal Service	-	-	-	19,648	1	3.03%
SBC Communications Inc.	-	-	-	10,000	6	1.54%
Tom Thumb Food & Pharmacy Inc.	-	-	-	8,400	7	1.30%
Nations Bank of Texas	-	-	-	7,642	8	1.18%
Dallas Community College District	-	-	-	5,840	9	0.90%
UT Southwestern Medical Center	-	-	-	5,482	10	0.85%
	173,300		5.10%	117,816		18.18%

Source: Dallas Business Journal Book of Lists 2016 (July 2015), 2006. Estimates for total employment based on census data.

* Include employees in all of DFW - payroll employment.

CITY OF DALLAS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

Function/Program	2006	2007	2008	2009
Public Safety				
Police Stations	6	7	8	8
Fire Stations	55	55	56	56
Public Works				
Streets - Paved (miles)	3,519	3,511	3,519	3,585
Lane miles	11,595	11,580	11,607	11,633
Traffic signals	1,295	1,296	1,298	1,315
Street Lights	85,255	85,693	86,500	86,902
Parks and Recreation				
Parks	374	374	376	376
Parks Acres	18,619	23,018	23,040	23,042
Miles of trails (jogging, hiking & biking)	86	90	99	99
Number of lakes	18	18	18	18
Swimming pools	27	27	22	22
Spraygrounds "Water-enhanced playground"	7	7	8	8
Athletic fields (soccer, football, baseball & rugby)	279	277	277	277
Tennis centers	5	5	5	5
Number of tennis courts	81	81	81	81
Neighborhood Tennis Courts	177	177	177	177
Multi-use courts	154	154	154	154
Golf courses (18 holes)	6	6	6	6
Recreation centers (community)	47	47	47	43
Water				
Water mains (miles)	4,781	4,840	4,862	4,980
Fire Hydrants	27,210	27,222	27,969	28,373
Wastewater				
Miles of sanitary sewers	4,178	4,831	4,831	4,267
Miles of storm sewers	1,755	1,755	1,744	1,749

Source: City capital asset records

Note:
N/A - Information not available

TABLE 17

2010	2011	2012	2013	2014	2015
8	8	8	8	8	8
56	56	56	57	57	58
3,541	4,020	4,028	4,031	4,033	4,041
11,672	11,804	11,676	11,701	11,771	11,754
1,329	1,328	1,333	1,342	1,348	1,354
86,514	86,321	86,406	87,263	87,355	87,790
368	371	378	374	381	380
23,080	23,080	23,164	23,331	22,842	23,470
107	107	125	130	130	144
18	18	18	18	13	7
22	22	22	20	18	18
8	8	8	10	10	11
278	278	278	272	272	271
5	5	5	5	5	5
81	81	81	81	81	81
171	171	171	177	177	177
154	154	154	156	156	153
6	6	6	6	6	6
43	43	43	43	43	43
5,024	5,166	4,915	4,922	4,922	4,925
27,800	27,800	29,028	29,243	29,626	29,666
4,293	4,364	4,020	4,017	4,017	4,017
1,768	1,788	1,790	1,791	1,791	1,800

CITY OF DALLAS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2006	2007	2008	2009
Public Safety				
Police				
Calls for Service	958,110	872,162	728,404	690,768
Fire				
Calls for Service - Fire	120,680	116,813	120,203	117,721
Calls for Service - EMS	166,067	170,352	172,278	163,100
Recreation				
Number of Membership Scans	N/A	N/A	N/A	N/A
Building Permits				
Permits issued	32,323	30,563	31,160	28,408
Estimated Value	$ 3,109,299,698	$ 3,035,761,645	$ 2,895,410,156	$ 1,841,471,331
Airport				
Airport Operations (Takeoffs and Landings)	248,805	242,914	231,656	176,977
Utilities (millions of gallons)				
Water Usage - Peak	681	575	670	626
Water Usage - Average	467	388	416	406

Source: Department annual records

Note:
N/A - Information not available

Table 18

2010	2011	2012	2013	2014	2015
596,742	632,365	589,865	591,997	590,443	599,319
115,462	145,298	59,784	46,127	42,346	41,049
166,585	173,666	172,032	193,820	195,802	189,894
N/A	N/A	N/A	348,830	545,998	564,684
26,997	34,786	43,064	38,478	36,044	37,951
$ 1,843,819,294	$ 3,083,719,959	$ 2,310,325,994	$ 2,652,432,543	$ 3,305,921,947	$ 4,097,419,967
168,373	178,054	177,067	178,232	176,889	209,121
638	683	649	583	535	619
388	428	395	391	369	374

CITY OF DALLAS, TEXAS
HEADCOUNT OF CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Manager's Office	50	49	45	39	45	30	20	14	15	14
City Attorney	146	156	170	156	120	116	122	144	144	149
City Auditor	34	36	36	36	31	28	20	19	22	22
City Controller's Office	N/A	N/A	N/A	N/A	42	42	44	42	42	42
City Secretary	19	24	21	20	16	14	14	15	14	15
Code Compliance	334	345	361	410	461	408	401	388	397	404
Communication & Info. Svcs.	168	160	186	196	197	164	168	173	170	163
Economic Development	44	47	50	47	41	40	40	41	41	39
Environment & Health Service	435	432	435	438	-	-	-	-	-	-
Environmental Quality	11	19	21	22	-	-	-	-	-	-
Equipment & Bldg. Services	403	413	433	413	384	360	381	435	461	461
Financial Services	109	156	242	236	26	28	30	39	39	47
Human Resources	81	163	164	79	54	50	40	41	47	49
Housing	74	76	71	72	428	412	391	364	357	367
Cultural Affairs	85	98	98	65	46	47	56	64	61	64
Emergency Management	6	7	5	6	-	-	-	-	-	-
Municipal Court-Judiciary	48	51	43	31	40	37	32	34	33	32
Courts & Detention Services	180	185	182	175	170	155	161	151	145	152
Business Development & Procurement Service	48	48	46	47	42	40	39	39	41	41
Planning & Neighborhood Vitality	-	-	-	-	-	-	-	-	-	23
Library	485	488	511	487	360	278	259	264	266	348
Management Services	-	-	-	-	145	137	164	160	164	160
Subtotal	2,760	2,953	3,120	2,975	2,648	2,386	2,382	2,427	2,459	2,592
Public Safety										
Police-Uniform	3,011	3,155	3,369	3,455	3,662	3,510	3,470	3,463	3,524	3,483
Police-Civilian	932	987	980	712	582	550	541	557	540	545
Fire-Uniform	1,687	1,648	1,693	1,768	1,776	1,738	1,874	1,870	1,867	1,901
Fire-Civilian	265	253	199	95	84	84	85	82	92	104
Subtotal	5,895	6,043	6,241	6,030	6,104	5,882	5,970	5,972	6,023	6,033
Development Services	271	279	294	292	198	197	224	237	264	269
Public Works										
Public Works & Transportation	391	428	469	448	305	272	140	143	144	138
Sanitation	470	493	517	503	456	451	458	460	472	488
Streets Services	520	583	522	514	371	400	496	485	491	510
Trinity Watershed Management	-	-	-	-	141	147	172	170	193	205
Subtotal	1,381	1,504	1,508	1,465	1,273	1,270	1,266	1,258	1,300	1,341
Parks and Recreation	1,312	1,477	1,319	955	634	594	581	598	614	661
Water Utilities	1,416	1,403	1,455	1,459	1,425	1,369	1,406	1,440	1,432	1,463
Convention & Events Services	108	109	110	102	101	83	80	71	74	80
Aviation	146	154	165	174	180	170	178	196	187	203
Other										
Mayor & Council	30	30	36	35	36	35	37	37	36	39
Employee Retirement	18	20	19	19	20	20	21	22	19	23
Civil Services	21	21	23	21	14	13	15	18	20	24
Risk Management	-	-	-	-	-	-	23	24	24	22
Police & Fire Pension	1	1	1	1	1	-	-	-	-	-
Subtotal	70	72	79	76	71	68	96	101	99	108
Total	13,359	13,994	14,291	13,528	12,634	12,019	12,183	12,300	12,452	12,750

Source: City HR Records